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NEWS SUMMARY

GENERAL

Bishop wins in Rhodesia election

Bishop Abel Muzorewa will become Rhodesia's first black Prime Minister next month. His United African National Council won 51 of the 72 black seats in the 100-member House of Assembly.

As the results were announced, the Rev. Ndbaningi Sithole, whose ZANU party won 12 seats, claimed there had been "gross irregularities" in the five-day election.

It was learned that Robert Hove, a senior member of Bishop Muzorewa's UANC was shot dead in Lusaka, Zambia on Friday. Members of Joshua Nkomo's Zimbabwe African People's Union were believed responsible.

Israel renews Lebanon raids

Israeli fighter aircraft last night bombed a string of villages on the Southern Lebanese coast. Earlier, six people were reported killed by Israeli naval gunfire and a Lebanese freighter was sunk off Sidon.

It was the third day of Israeli attacks on targets in Lebanon. Gunboats and artillery blasted rural villages and Palestinian refugee camps and guerrillas returned fire.

Times go-ahead

Journalists on The Times voted 101 to 93 to continue co-operating with plans to produce a European edition from a Continental base, in defiance of an instruction from their union executive. Earlier story, Page 14

Teachers moves

The teachers' pay dispute seemed close to settlement last night after talks between unions and education authority employers in the Burnham Committee, although the threatened disruption of national examinations still loomed.

Iran attack foiled

A man armed with a submachine gun and a hand grenade was overpowered in Tehran after apparently trying to attack a funeral procession headed by Premier Mehdi Bazargan. Back Page

Airports plan

British Airports Authority plans to spend £340m on new developments at its seven airports up to 1983-84. This includes £93.5m for the proposed Terminal Four at Heathrow. An additional £25m will be spent on "initial development of the Third London Airport."

Packer deal

Kerry Packer's World Series Cricket could be disbanded following the decision of the Australian Cricket Board to grant Packer's Channel Nine network exclusive television rights to cover official tests and other matches.

Roads delay

More than 350 towns and villages are likely to wait at least 20 years before their traffic problems are relieved, said the British Road Federation. And the National Bus Company said local bus services were losing "millions of pounds" a year through town congestion. Page 10

Briefly . . .

Film star John Wayne, who had his stomach removed on January 12 because of cancer, is back in hospital with bronchitis.

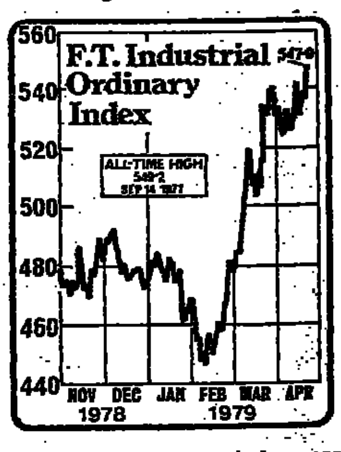
Ecuadorian airline Vickers Viscount with 57 people on board was thought to have crashed on a flight from Quito to Cuenca.

Bomb disposal men defused a 1,000 lb bomb in Epping Forest which came from a German Junkers 88 brought down by wartime anti-aircraft fire.

BUSINESS

Equities up 11; Gold rises $4\frac{3}{4}$

● EQUITIES responded swiftly to two large institutional buyers



and the FT ordinary index rose 11 points to 547.0.

● GILTS rose generally and the Government Securities index closed 0.34 better at 75.04.

● STERLING fell 10 points to $2.0675 and its trade-weighted index remained unchanged at 66.9. The dollar's index eased to 85.9 (86.0).

● GOLD rose $4¾ to $241⅛ in London.

● WALL STREET was 8.86 up at 868.76 just before the close.

● SASSE underwriting syndicate members have been called to a meeting at Lloyd's today to be told what further help has been arranged for the syndicate which is facing £13.6m of losses. Page 8

● JAPANESE shipments of cars and commercial vehicles to the UK this year will be kept at reasonable levels, according to a joint statement from Britain's Society of Motor Manufacturers and Traders and the Japanese Automobile Manufacturers Association. Back Page

Firestone merger fails

● FIRESTONE TIRE'S proposed merger with Borg-Warner has foundered on Borg-Warner's refusal to improve its offer of $870m (£420m) provisionally agreed last November. Back Page

● RUGBY PORTLAND Cement has been strongly criticised by the Price Commission for its management efficiency and pricing policy. Back, Page 7 and Lex

● MERCANTILE INVESTMENT Trust directors have defeated an attempt by rebel shareholders effectively to liquidate the company, which has assets of well over £100m. Back Page

● CIVIL SERVANTS seem likely to accept a pay offer of an immediate 9 per cent increase plus further stage rises, following the three to one vote for the deal from the Society of Civil and Public Servants. The other big union involved, CPSA, votes this week and officials expect the offer to be accepted.

● BRITISH RAIL is nearer reaching agreement with all three rail unions on a deal for 180,000 rail workers giving 12 to 13 per cent with higher rises for drivers, top signalmen and signal technicians. Page 14

● DUNLOP workers at Coventry have authorised their shop stewards to organise the breaking of official picket lines if necessary to maintain production. Pickets had been set up by Dunlop unions to try to force the company to reopen its Speke plant which closed last week. Back Page

COMPANIES

● TOZER KEMSLEY and Milbourn pretax profits in 1978 rose from £5.52m to £7.63m Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 12pc 1983 A	£103¼	+ ½
Exchequer 11pc 1991 (£15 pd.)	£14⅝	+ ⅝
Bambers	290	+ 15
Barclays Bank	485	+ 12
Bass	233	+ 6
Beecham	717	+ 15
Boots	238	+ 7
British Home Stores	247	+ 7
British Sugar	167	+ 7
Brown (J.)	572	+ 17
Burns Anderson	40	+ 6½
Capital & Counties	89½	+ 4
Danish Bacon A	114	+ 6
De Vere Hotels	258	+ 11
Dowty	331	+ 18
Foseco Minsep	175	+ 9
Gill & Duffus	167	+ 9
Hardy (Furnishers)	72	+ 6
Land Secs.	307	+ 7
MEPC	192	+ 8
Melville Dundas	49	+ 5
Menzies (J.)	220	+ 5
Mercury Secs.	170	+ 7
News Intl.	368	+ 15
Pleasurama	156	+ 16
Smith (W. H.) A	184	+ 8
Tesco	79½	+ 4
Unilever	640	+ 20
Utd. Carriers	112	+ 9
Vickers	210	+ 9
Shell Transport	784	+ 20
Cons. Gold Fields	244	+ 7
Impala Platinum	186	+ 8
President Brand	891	+ 61
RTZ	334	+ 6
Southvaal	495	+ 17
Western Hldgs.	£18⅜	+ ¾

FALLS

Farnell Elect.	490	− 33
ICL	487	− 23
Haoma Gold	23	− 4

Witnesses sought after teacher's death

Yard to investigate Southall riot

BY ROGER BOYES, JOHN LLOYD AND ANDREW TAYLOR

SCOTLAND YARD has appointed Comander John Cass, head of its Complaints Investigation Bureau, to look into allegations of police brutality during the riots in Southall, West London, on Tuesday night, during which a 33-year-old teacher, Mr. Blair Peach, died after receiving head wounds.

Cdr. Cass's report will go to the Director of Public Prosecutions. He has appealed for help from anyone who witnessed the clashes, among the worst seen in London since the war.

About 340 people were arrested, of whom nine appeared in court at Ealing yesterday on charges under the Public Order Act. Three were remanded in custody for a week and the rest released on bail. The remaining 331 will appear in court from May 4 onward.

The leaders of all major parties condemned "extremists" of both sides yesterday for causing the riots. Mr. James Callaghan said that the National Front, whose meeting in Southall Town Hall was the immediate cause of violence, were "too reminiscent of the Nazis to be comfortable for this country."

Mr. Sulil Sinha, leader of the Southall Youth Movement, at yesterday's Press conference

Mrs. Margaret Thatcher said that the only way to beat the Front was "by the ballot box, not by bricks and bombs." Later, on the "TV Eye" programme, she rejected any suggestion of banning the Front.

Mr. Merlyn Rees, the Home Secretary, said that the Public Order Act needed reviewing. "We have to look at it in terms of race relations, and we need to look at it very firmly now in terms of law and order."

Mr. Rees will meet Sir David McNee, the Metropolitan Police Commissioner, today. An inquiry into the wider aspects of Tuesday's clashes will be considered when the full facts are known.

Mr. Martin Webster, the National Front organiser, who addressed the meeting in Southall on Monday, made clear yesterday that the National Front would continue its programme of meetings, some in areas with substantial black and Asian populations.

"There will be much more like Southall. It will get worse and worse," he said.

In Southall leaders of the Asian community bitterly attacked police brutality, which they saw as wholly responsible for the rioting.

The Indian Workers' Association demanded an independent public inquiry, and appealed to all demonstrators injured in the riots to make formal complaints and seek legal advice.

Particular criticism was voiced of the Special Patrol Group. Mr. Martyn Grubb, community relations officer for Ealing Borough, said that force was involved in the worst incidents, though he praised the actions of other police.

Mr. Paul Holborow, secretary of the Anti-Nazi League, which took part in the demonstrations, said that he had evidence that Mr. Peach's death was the result of a police charge.

He claimed: "The Nazis are being deliberately provocative in preaching a doctrine advocating forced repatriation in an area where 50 per cent of the population would be affected."

Mr. Holborow said that there would be counter-demonstrations wherever the National Front held meetings.

The Front held one in Plymouth last night in support of its two candidates in that city.

A meeting will be held tonight in East Ham Town Hall.

Continued on Back Page

Tory reaction Page 12 ● The aftermath of the riot Page 26

Saudis break with Cairo on eve of Israeli peace deal

BY OUR FOREIGN STAFF

U.S. STRATEGY in the Middle East received a serious blow yesterday when Saudi Arabia severed diplomatic relations with Egypt on the eve of the ratification of the peace treaty with Israel.

The decision by the Middle East's most influential moderate state to break with Cairo is also a major blow to President Anwar Sadat and follows a similar decision by Kuwait. Other moderate oil rich states, including the United Arab Emirates, are likely to follow suit.

But significantly, the Saudi Government and Dr. Mustafa Khalil, the Egyptian Prime Minister, in announcing Cairo's retaliatory severance of diplomatic and political relations, made no reference to economic ties.

But Kuwait has specifically pledged to cut off economic aid in line with resolutions passed in Baghdad at the end of March by Arab Ministers to isolate Egypt economically and politically because of its treaty with Israel.

The UAE — which last year gave Egypt $400m in aid — has said it would stop payments.

The Saudi decision is particularly important because the U.S. had been depending on its leadership gradually to bring first, other moderate Arab nations such as Jordan and the Gulf States—and ultimately frontline nations with Israel, such as Syria, to accept the treaty.

But the reverse has happened — with the possible result that Saudi Arabia's position could have damaging effects on Egypt's economy, which is highly dependent on aid from the Arab states.

Saudi Arabia's political shift has been gradual. At the Arab summit in Baghdad last November it was successful in restraining pressure on Egypt.

However, with the conclusion of the Washington treaty between Egypt and Israel, it became increasingly difficult for Saudi Arabia to resist pan-Arab pressure to isolate Egypt. In the end it had little choice but to go along with the resolutions passed in the second Baghdad meeting.

Dr. Khalil said yesterday that it was difficult to understand the attitude of moderate Arab countries like Saudi Arabia and Kuwait towards Egypt. He described the latest Baghdad conference decision as illegal.

Asked whether Saudi Arabia had renewed a pledge given before the treaty with Israel was signed on March 26 that previous financial commitments would be honoured regardless of protest sanctions adopted, Dr. Khalil said: "We have not been assured of anything, but I hope we can keep economic affairs outside politics."

However, at least until the end of this year, and probably longer, Egypt will scarcely need Arab funds for direct balance of payments support. This sharp reversal of the position existing since the 1973 war follows a steep rise in workers' remittances, thought to be worth over $1.7bn this year; likely earnings of $1bn from oil exports; and the continued buoyancy of Suez Canal and tourism earnings.

In addition, Egypt will receive between $1.8bn and $2bn this year in non-military aid and other forms of assistance from the U.S. and other industrialised nations.

Saudi Arabia and Kuwait, historically the two largest Arab aid donors to Egypt (and with time deposits of about $1.6bn in Cairo) had become increasingly reluctant during the past two years to continue meeting the apparently endless Egyptian requests for additional funds. This, coupled to Cairo's improved foreign currency position, had led to a substantial slowing down of Arab aid.

But the Saudi decision still leaves unresolved the critical question of joint Arab ventures with Egypt and "private" Arab investment in the country.

Carter's plan for Egypt, Page 4

Ford scraps $650m Euro-plant

BY LISA WOOD

FORD OF EUROPE has announced that it has scrapped plans to build a $650m car assembly plant in Europe.

In a formal statement in London last night, the U.S. car company said: "Ford has now informed the Governments with whom it has been having constructive discussions that it has been decided—barring new and presently unforeseen circumstances—not to proceed with the creation of a new assembly plant."

The company said that instead, as a first step, it intended to expand some of its existing assembly plants.

This, it said, would provide more jobs within Ford and substantially increase purchases from the components industry.

Talks had been held between Ford and governments of Austria, France, Spain and Portugal, for the proposed development which it had been said would directly provide 8,000 new jobs and, the unions claimed, up to another 20,000 indirectly. The plan had been for the plant to have a capacity to turn out some 1,000 medium-sized cars a day, beginning in 1982.

The French government had been mounting a strong campaign to win the plant for Lorraine where redundancies in the steel industry have led to social unrest.

Last week France's two national motor companies, Renault and PSA Peugeot-Citroen, responded to the of a new Ford assembly plant in Lorraine by presenting the Government with plans of their own which would create 6,200 jobs.

Ford of Europe's announcement follows a record year in 1978 for the company with sales of 1.2m cars and 150,000 commercial vehicles.

The company has been reviewing its need for an additional assembly plant in view of this growing demand.

But in the statement last night, the company said that its decision not to proceed with the new assembly plant was a result of the review.

The company said that its engine requirements were to be met by the new engine plant at Bridgend, South Wales, which would have a potential output of 500,000 units a year.

The proposed assembly plant was to have produced the Erica, the Escort replacement for which the Bridgend engines are to be made.

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Tory pledge to curb union militants

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER warned trade union militants last night that one of the top priorities of an incoming Conservative government would be to curb their powers and the damage they could do to British Society.

Having carefully avoided too provocative a stance on trade union legislation earlier in the campaign, she brought the sensitive issue to the fore.

She said in a Thames Television interview: "We have got to deal with the chaos caused by some of these militants.

"I do not underestimate the problems, but we have got to deal, all of us, with these militants and we shall."

The exchange, the most passionate from the Conservative leader in the campaign so far, raises the question of who will benefit most from the trade union issue.

Some Labour leaders believe it is the only remaining subject that could salvage their chances and that Mrs. Thatcher is playing into their hands by introducing the prospect of confrontation under a Tory Government.

But the Conservative leader believes there is so much anti-union feeling following the industrial unrest earlier this year that the electorate will fully back changes in the law provided they can be seen to be reasonable.

In her ITV interview Mrs. Thatcher stressed once more the Conservative intention to cut direct taxes substantially—a Tory Budget would probably be on June 12—and argued that much of the cost could be met as earnings would be boosted by bigger incentives, and by high income earners returning to Britain to help provide an additional driving force in industry.

Contrary to Labour claims she insisted that any increases in value-added tax would be "comparatively small" and the change to indirect taxation would help to net some of the substantial earnings in the "black economy" now not declared for income tax.

In her comments on the trade unions Mrs. Thatcher emphasised it was only a comparatively small minority—a few thousand—who were causing the trouble. She was convinced that most trade unionists were in favour of reform and she estimated that more would vote for the Tories in this general election than ever before.

She had found many were strongly in favour of Conservative policies on tax cuts, the emphasis on law and order, the retention of grammar schools and increased spending on defence.

She agreed emphatically with an earlier comment that the "destructive elements" in society, particularly the trade unions, would be met with unremitting hostility by the Tories.

If the argument in the election was that the law regarding the trade unions could not be changed in any circumstances then in her view it was the end of democracy and the whole campaign was "a hollow mockery and a sham."

It was for this raseon she was going to ask for the biggest majority any country had ever given any government and in particular she was going to ask for that majority from the 12m members of trade unions.

"There is so much low affecting trade unions which has deprived ordinary law-abiding citizens of their right to go about their normal business undisturbed. I am on the side of those law-abiding citizens and it is for them that you must change the law."

Election news, Pages 12 and 13
Unions continue attack on Tories, Page 14
Consumer confidence, Page 1
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How the U.S. copes with unions, Page 27

Healey to stay Chancellor

THE OTHER major development yesterday was the announcement by the Prime Minister that if Labour retains power on May 3, Mr. Denis Healey will remain Chancellor of the Exchequer and will introduce a tax-cutting Budget on Wednesday, May 23.

Mr. Callaghan confirmed last night that the Budget proposals would take 1m people out of the tax net altogether, and he claimed that Conservative Budget plans would not benefit taxpayers unless they were earning more than £192 a week.

£ in New York

—	April 23	Previous
Spot	$2.0700-0710	$2.0730-0740
1 month	0.23-0.18 dis	0.27-0.22 dis
3 months	0.80-0.75 dis	0.77-0.72 dis
12 months	2.10-1.95 dis	2.10-2.00 dis

EUROPEAN NEWS

Aerospace, motor sectors lift French trade surplus

BY TERRY DODSWORTH IN PARIS

STRONG EXPORT performances by the French aerospace and motor industries produced a healthy foreign trade surplus in March, after two months of only slim margins.

The results were helped by a sharp fall in the oil imports bill compared with February, along with another surplus on agricultural products, which are beginning to build up a stronger position in overseas markets.

On a seasonally adjusted basis, last month's surplus amounted to FFr 1.2bn (£133m), with exports reaching FFr 33.5bn, against imports of FFr 32.3bn. The crude figures show exports of FFr 37.3bn, against imports of FFr 36.7bn.

Over the first quarter of the year the French have also succeeded in achieving a surplus of FFr 1.3bn, according to the seasonally adjusted figures.

Thus, the Government has held on course in its aim to maintain the country's trade surplus after the recovery last year.

The most disturbing feature in the trade figures remains the high level of demand for foreign consumer goods and household equipment. French white goods manufacturers have recently appealed for more loyalty among their customers, but last month the deficit in this sector went up to FFr 615m, compared with FFr 365m of the same month last year.

On the other hand, the drive to build up exports in heavy industries is continuing to produce positive results. Capital goods achieved a record export total of FFr 7.6bn last month, buoyed up by FFr 490m for four Airbus aircraft.

The motor industry, France's strongest export performer over the past few years, achieved a surplus of FFr 2.2bn, following FFr 2.3bn in February.

Less encouraging for the Government is the acceleration in retail prices which has been caused mainly by the increase in the oil bill.

Although the official figures are not yet complete, this is expected to feed through into a retail price rise of 0.9 per cent in March, following increases in the cost of bread, cars and fuel.

On the basis of the first three months' figures this would mean an annual inflation rate of 10.5 per cent, against the 8.6 per cent in the same period a year ago, and 7.8 per cent in the last quarter of 1978. The Government, which forecast an inflation rate in the region of 8.5 per cent this year, has been trying to damp down the increase by holding prices in the public sector.

NATO looks for new missiles

BY REGINALD DALE IN HOMESTEAD, FLORIDA

NATO OFFICIALS yesterday expressed confidence that the Alliance will decide by the end of this year to strengthen its nuclear forces in Europe. Defence Ministers from eight countries who began a two-day meeting here at Homestead Air Force Base, Florida yesterday morning are expected to call for studies of various kinds of new missiles to prepare for final decisions in December.

Front-runners are an extended-range version of the U.S. Pershing 2 (with a range of 1,800 km) and ground-launched Cruise missiles (around 2,000 km). The aim is to deploy new weapons in western Europe that can strike military targets in the Soviet Union, so as to counter the growing threat posed by the Soviet SS20 mobile missile.

NATO officials said yesterday that SS20s which can strike anywhere in Western Europe were "growing like mushrooms" in the Soviet Union. They also expected new shorter-range SS21s to be deployed with Warsaw Pact forces in Eastern Europe.

Mr. Fred Mulley, the UK Defence Minister, is expected to come under pressure from his colleagues in NATO's Nuclear Planning Group to agree that some of the new missiles be stationed in the UK. He is unlikely, however, to be able to give such an assurance so soon before the general election.

Finding countries to accept the new weapons will be one of the most difficult aspects of the plan to modernise the Alliance's weapons based in Western Europe: the theatre nuclear forces. Ministers are expected to have a preliminary discussion of this delicate political problem over the next two days here.

The meeting began with a report by Mr. Harold Brown, the U.S. Defence Secretary, on the state of play in Washington's strategic arms limitation talks with the Soviet Union (SALT 2). The best guess here is that the new treaty will be signed at a Carter-Brezhnev summit in Geneva in late May or early June.

Personal income up 1% in March

WASHINGTON—The personal income of Americans rose a full 1 per cent in March after lacklustre gains in the first two months of the year, the Government said yesterday. But the increase of \$19.2bn in personal income last month to a seasonally adjusted annual rate of \$1,850bn did not match the larger gains in the fourth quarter of 1978.

A Commerce Department analyst said the personal income statistics along with other recent Government indicators, show some cooling of the economy.

Recent figures for industrial production, housing starts, factory capacity and retail sales have all shown a rebound in March from winter depressed January and February levels, but none has matched the rapid December rates.

A cooling of the economy could help take the pressure off inflation which has been rising at an annual rate of 15.4 per cent so far this year.

The 1 per cent increase in personal income in March followed rises of 0.7 per cent in February and 0.4 per cent in January for a first-quarter rise of 2.1 per cent, Commerce Department figures showed.

Disposable personal income could show stronger increases because higher social security taxes are balanced out by a decrease in personal income taxes.

AP

Ecuador power plant

Three Japanese companies have signed a Y6bn (£14.2m) contract to build a 34.3-MW diesel power station in Ecuador for Empresa Electrica Quito, according to Toyo Menka Kaisha, the prime contractor, Reuter reports from Tokyo.

Ireland announces wages proposals

By A Special Correspondent

THE Irish Government, trade union leaders and employers have announced the outlines of a new national wage agreement. The "national understanding on economic and social development" offers a 14.9 per cent wage increase over 15 months.

Some £35m in tax rebates have been offered as a concession to Ireland's 750,000 PAYE taxpayers, who have become increasingly militant recently. The rebates will be paid at the end of the financial year. As a result of the concessions, the Government will have to amend its Finance Bill, published this week.

The Government package will be put before the 92 member unions of the ICTU next week, but a final decision is unlikely until May.

Many observers believe the new package on farm taxation to be of the utmost importance in staving off another mass demonstration by PAYE workers on May 1 and the rejection of the new national pay agreement.

If, by next Monday the two main farming organisations and the Government have not decided on a farm tax system, then, according to Mr. George Colley, the Finance Minister, the 2 per cent levy proposed in the February budget will be enforced.

Time is running out, and the farmers are still divided over what tax system the Government should introduce to replace the controversial 2 per cent levy.

Two proposals have been made: that farmers should pay more income tax and the tax net be widened, or that a land tax should be introduced. Neither suggestion has proved acceptable to the farmers. The Government's new package will, however, include a resource tax, which is likely to cause more controversy than the 2 per cent levy. If it came into effect, together with rates which are to be retained, it would amount to a very substantial tax regardless of whether the farmer's income was taxable.

OECD chief elected

Mr. Emile van Lennep was re-elected yesterday for a third five-year term as Secretary-General of the 24-nation Organisation for Economic Co-operation and Development (OECD). But Mr. van Lennep, 64, indicated that he would vacate the post after two and a half years, on March 31, 1982, our Paris correspondent writes.

FIFTH ANNIVERSARY OF PORTUGAL'S DEMOCRACY

LINE-UP OF LIBERTY: (left to right): Major Vasco Lourenco; Prime Minister Carlos Alberto da Mota Pinto; Sr. Mario Soares; President Antonio Ramalho Eanes. Portugal's fifth anniversary of freedom will only hide the deep problems still facing the country.

Economic fears cloud the picnic

Jimmy Burns, Lisbon Correspondent, sums up the difficulties facing Portugal as the country celebrates today the fifth anniversary of the overthrow of the dictatorship.

MAJOR VASCO LOURENCO is hoping for a nationwide celebration today. One of the founder members of the Armed Forces Movement, which five years ago toppled Portugal's half-century dictatorship, Lourenco has been organising popular picnics, concerts, firework displays, and children's parties; the red carnation, symbol of the democratic revolution which backed the "Captains of April" has reappeared almost miraculously on Lisbon's dour street walls, more accustomed these days to torn posters and pornography. But the sheer energy of Maj. Lourenco on Portugal's "day of liberty" will make this fifth anniversary little more than an exercise in nostalgia, temporarily hiding the deep problems still facing the country.

The celebration is expected to be largely overshadowed by the state-of-the-nation speech of President Antonio Ramalho Eanes, who will be less concerned with reminiscences of the past than with the practical problems thrown up during the past few weeks.

Just over a month ago, Portugal's then four-month-old non-party Government led by Dr. Carlos Mota Pinto, appeared to have survived the psychological blow of its budget defeat in the Parliament and won a temporary lease of life.

In stark contrast to his abrupt sacking of Mario Soares last summer, President Eanes refused the Prime Minister's offer of resignation and publicly reaffirmed his support for the Government, "having taken into consideration the political and economic situation of the country."

Despite provoking the Government's first parliamentary defeat, the political parties, with the exception of the Communists, appeared to be far from clear about their intentions, whether or not they wanted Dr. Mota Pinto to carry on.

The Socialists and Social Democrats admitted that they saw no objection to the Government's surviving, as long as it would show some flexibility and introduce the changes they had suggested in its budget and short-term economic plan.

On the economic front, President Eanes must have felt that an element of continuity in Government was essential, if only for the reason that Portugal was in the midst of negotiations with the International Monetary Fund.

Economic considerations will certainly be in the President's mind when he speaks to the nation today. Despite encouraging figures of Portugal's external financial position—the current account deficit has been reduced from \$1.5bn to \$775m, and there has been a substantial increase in foreign exchange reserves—the domestic picture is bleak. Inflation continues to be well above the Government's target of 18 per cent and has yet to feel the effect of the renewal of pending labour contracts. Unemployment, hit by a fall in industrial activity, is currently running at an annual rate of 13.4 per cent, according to the Government's own official estimates. Meanwhile, both inflation and the trade balance are yet to feel the repercussions of recent oil price increases.

Yet, if Portugal's economic crisis is far from resolved, the political situation has become aggravated to a point where economic priorities may now have temporarily to take second place, while a more-lasting political solution is pursued.

The political parties' acceptance of non-party rule is no longer assured, and President Eanes would have been reminded of this on more than one occasion during his consultations with party leaders last week.

The parties have been angered by the Government's apparent *determination to show* little, if any, flexibility on its more controversial policies. This determination was first demonstrated on the issue of the proposed 18 per cent wage ceiling, which has been virulently attacked both by the majority of political parties and the unions.

But the real catalyst of the growing alienation between Dr. Carlos Mota Pinto's Cabinet and Parliament has been the suggestion aired at the beginning of this month by the Prime Minister that a new political grouping should be formed to bypass party divisions. Dr. Mota Pinto's view that the existing political parties could no longer ensure a stable democratic future touched a sour note among the politicians, who had until then swallowed only with difficulty the democratic credentials of a non-party Government unelected by popular vote.

Widespread suggestions that the "new party" had the Machiavellian motive behind it of nailing the coffin of party rule and ushering in a new era of authoritarianism were fuelled by the subsequent resignation of 37 deputies from Portugal's powerful opposition grouping, the Social Democrat Party

Sea Law agreement on pollution near

BY BRIJ KHINDARIA IN GENEVA

FRANCE APPEARS to have given up its battle in the Law of the Sea Conference here to obtain heavy penalties including imprisonment for skippers and other people responsible for ships which cause pollution and damage to sea life.

Agreements on principle have been reached in a committee of the six-year-old conference obliging Governments to take responsibility for "fulfilment of their international obligations concerning the protection and preservation of the marine environment."

The governments would become "liable in accordance with international law" for ensuring that offenders are punished and that "recourse is available for prompt and adequate compensation or other relief" whenever their nationals or companies damage the marine environment by pollution.

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Spanish right-winger flees jail after Easter leave

BY ROBERT GRAHAM IN MADRID

ONE OF the alleged murderers of four Communist labour lawyers and an employee of the Spanish Communist Party (PCE) has disappeared after failing to return to jail from special leave to spend Easter with his family.

Although the accused man, Sr. Fernando Lerdo de Tejada, the son of a Toledo landowner, has been missing for several days, the news of his disappearance was only revealed late on Monday night.

The permit for Sr. Lerdo's leave, normally granted only to special prisoners, was signed by Sr. Rafael Gomez Chaparro, the presiding magistrate in what has subsequently become known as the "Atocha massacre," after the Madrid street where the killings took place in January 1977.

The last major hearing on this politically controversial and highly charged case took place last September, when prominent extreme rightists, including Sr. Blas Pinar, now MP for the neo-Fascist Fuerza Neuva Party, and Sr. Raimundo Fernandez Cuesta, a former minister under Franco and now leader of the Falange, were called as witnesses.

These witnesses were called only after nearly a year's pressure by lawyers acting for the murdered men's families, and on the basis of evidence linking the accused with prominent extreme rightists. That hearing was adjourned after protests at various irregularities. In one case, Judge Gomez Chaparro personally accompanied a witness who had just been questioned to a room where he was able to exchange impressions with Sr. Fernandez Cuesta.

Indeed, Sr. Jose Maria Mohedano, one of the lawyers acting for the victims' families, claims that, in an interview on Monday evening, Sr. Gomez Chaparro failed to notify him of Sr. Lerdo's disappearance. He has called for a full investigation into the case, and particularly of Sr. Gomez Chaparro's part in it.

The Atocha murders took place in what was possibly the most critical week faced by the engineers of Spain's transition from dictatorship to democracy. It was preceded by the kidnapping of two prominent Francoists, one a leading general, and followed by the murder of four policemen.

All these actions were attributed to GRAPO, a shadowy and allegedly extreme Left-wing terrorist group. However, observers here were surprised, in view of the Spanish police's poor record against terrorism, at the ease with which the two kidnap victims were liberated.

The conduct of the Atocha investigations has led to continuous comment and allegations that prominent extreme Rightists are being given privileged treatment, not least by Sr. Gomez Chaparro. Sr. Gomez Chapparro will cease to preside over the case once the preliminary hearings are over, and the case eventually goes to trial.

National hotel strike threatened

BY OUR MADRID CORRESPONDENT

THE HOTEL strike on the Costa del Sol, now well into its third week, is reaching a watershed, as unions threaten to turn it into a national strike unless employers agree to negotiate.

The employers' position remains that the problem is out of their hands, since the Labour Ministry has already imposed settlement terms through its local delegate. These terms entail raising minimum monthly wages.

However, the Communist-led Workers Commissions (CCOO), the main union involved, says that employers are already offering terms—higher than the unions are demanding but on a selective basis—in an attempt to get the strikers back to work. Some hotels and bars in Malaga have already re-opened as a result, they say.

The CCOO further alleges that this is proof that the employers' real intention in seeking the Government-imposed settlement, or "laudo," was to provoke a strike, which would enable them to sack prominent trade unionists. Union sources put the number of sackings so far at over 500.

The strike has been complicated by the ubiquitous presence of riot police called in to enforce the "laudo," and by the death in obscure circumstances last week of a member of the hotel workers' negotiating committee, Sr. Manuel Benitez Sotano.

Sr. Benitez fell from a fourth-floor balcony near Malaga, in what has unofficially been reported as an accident.

Paris was 'Red Brigades' HQ'

BY PAUL BETTS IN ROME

PARIS APPEARS to have been the major planning centre of the Italian extreme leftist Red Brigades terrorist movement, which claimed responsibility for the kidnapping and killing of Sig. Aldo Moro, the late Christian Democrat leader.

This was widely reported by the Italian Press yesterday, referring to alleged leaks from secret service sources.

The reports suggested that leading members of the terrorist group regularly met in the French capital to formulate their strategy and prepare their operations. They also indicated that the Italian terrorists seemingly had close links with members of the ultra-left in France.

The Press reports refer both to Italian police telephone recordings apparently revealing the Red Brigades' French connection and investigations by the French police, who had been watching a bar where Red Brigades leaders allegedly held strategy and ideological meetings.

Finnish reserves scheme activated

By Lance Keyworth in Helsinki

THE BANK OF FINLAND announced that it has decided to activate the deposit reserve scheme agreed with deposit banks earlier this year. As a first step, the deposit-taking banks must place in a special account with the central bank 0.2 per cent of their total deposits at the end of April. The first deposit must be made by the end of May and is expected to total about FM 100m (£12.5m).

Mr. Mauno Koivisto, Governor of the Bank of Finland, said that the economic situation does not yet justify actually tightening the money market. "The aim with the deposit reserve scheme is to prevent the money market from getting too easy," he said.

He noted that the easier liquidity situation of the banks had resulted in fierce competition by offering increasingly favourable terms for housing and other consumer credits. "These personal loans tie up banks' funds on a large scale and for a long time ahead, which will complicate the management of liquidity especially if industrial demand for financing pick up," Mr. Koivisto added.

Y13bn loan for Spanish utility

By John Evans

THE SPANISH electric utility, ENHER, has completed the raising of a Y13bn loan with a final maturity of 18 years, one of the longest maturities yet achieved in the syndicated loan market.

The loan was placed by ENHER (Empresa Nacional Hidroelectrica del Ribagorzana) among a group of Japanese banks and Arranged by Chase Merchant Banking Group. ENHER is majority-owned by the Instituto Nacional de Industria, the Spanish Government industrial holding agency. The credit carries a fixed interest rate of 7.7 per cent.

RELATIONS BETWEEN THE TWO GERMANYS

Press curbs make Bonn see red

BY LESLIE COLITT IN BERLIN

EAST AND West Germany have lost patience with each other. They have dropped the smiling masked they donned in 1972 for the signing of the treaty setting out their basic relations and which they still wore at the 1975 Helsinki conference. Is detente between the two Germanys disintegrating?

In recent years the two Germanys often had to swallow their anger with each other to keep their verbal ceasefire. East Germany called it "normalising relations" and West Germany said it was in the "interests of Germans in East and West."

East Germany has now caused Bonn to protest over a new set of East German rules to curb Western correspondents in East Berlin. Henceforth they are not permitted to interview East Germans without prior official approval and they must inform the Foreign Ministry 24 hours before travelling in East Germany.

West German TV correspondents, in particular, are affected as they will presumably no longer be able to conduct man-in-the-street interviews with East Germans or film spontaneously. East Germans were growing increasingly brazen in such TV interviews and millions of other East Germans were able to see their countrymen on West German TV airing their opinions as if they had a right to do so.

On April 16 East Germans *were told they would have* to exchange West German currency they received from relatives and friends into coupons at the state bank before spending them in the chain of hard currency Intershops that sell nearly DM 1bn of Western products to East Germans.

The Government profits as it is both the wholesaler and the retailer of the goods and East Germans get many of the desirable products they see advertised each evening on West German TV. However, not all East Germans were happy with the Intershops. Those who have no West German aunt or uncle grumbled about being relegated to "second-class citizenship" economically.

Their complaints were echoed by medium-ranking Communist Party officials who are barred from using Western currency for ideological reasons.

Chancellor Helmut Schmidt —urged to restrict economic relations

Making matters worse, for the leadership, the Russians, too, speaking critically of East Germany striving to build Communism with the D-mark.

A few days later East Germany issued its rules limiting the activities of Western journalists. The Bonn government spokesman protested that the curbs made the Helsinki declaration look like a "worthless scrap of paper." For West Germany's two TV channels and the remainder of the West German Press it became the leading news item. East Germany responded by accusing West German TV correspondents of arranging "conspiratorial meetings" with East Germans to get them to "act provocatively against the party and state organs of the GDR." The outraged West German TV networks issued statements deploring such language and West German Opposition politicians demanded that Bonn retaliate against East German correspondents in West Germany.

A *further escalation took* place when West German politicians urged the Government to restrict economic relations with East Germany under such circumstances. East Berlin replied that West Germany had better revise its plan for an underground nuclear waste dump and reprocessing plant at Gorleben close to the East German border. In turn Bonn accused East Germany of planning to store nuclear waste in salt deposits close to the West German border.

Other rancours have come to the surface. East Germany's leading political critic the 69-year-old Marxist professor Robert Havemann said the East German authorities were intensifying his house arrest which began two and a half years ago. In November 1976 Prof. Havemann strongly criticised the expulsion of Herr Wolf Biermann, the East German political poet and balladeer, to West Germany. He had been forbidden to perform or to be published in the East because of his sardonic verses on East German society which circulated among young East Germans.

Several of the most prominent East German authors had joined together to criticise the expulsion of Herr Biermann and were joined by dozens of other East German writers, actors and artists in a unique display of solidarity. The process of expelling them and suppressing those remaining in East Germany by refusing to publish or give them work has continued until today.

One of the first protesters in 1976 was Herr Stefan Heym, perhaps the best known East German writer in the West. None of Herr Heym's recent novels have been published in East Germany but he was allowed to leave the country on trips to the West, a consolation awarded to many top East German artists and writers.

Late last week, however, Herr Heym said he was refused permission to leave East Berlin to lecture in West Germany and added that his wife was being followed by plain clothes security policemen while shopping.

"Now I'm in the same situation as 99 per cent of all other GDR citizens," Herr Heym remarks drily.

Credit deal threatened as Berlin retaliates

BY OUR BERLIN CORRESPONDENT

EAST GERMANY has cancelled a scheduled meeting with West Germany for today in apparent retaliation for Bonn's protest against East Germany's recent moves restricting Western journalists as well as domestic criticis of the Germanys.

East and West German officials were to have met in Bonn after a year's break to see if any progress could be made toward a legal aid agreement between the two Germanies.

The negotiations have been stalled over the insistence of West Germany and the refusal of East Germany to include West Berlin in an agreement.

West German officials note that if East Germany continues whittling down the intra-German agreements of 1972, Bonn would have to re-think its annual DM 850m swing credit to East Germany which has been fixed at this level until next year.

It is, in effect, an interest-free loan to East Germany for the purchase of West German goods that saves East Germany an estimated DM 45m to DM 50m in interest charges annually.

The swing level could be reduced to DM 425m although this appears to be at odds with previous West German avowels that economic sanctions will not be taken against East Germany.

Lebanon shelled for third day

By Ihsan Hijazi in Beirut

ISRAELI bombardment from land and sea of Palestinian positions in Lebanon continued yesterday for the third day running. Artillery positions in northern Israel pounded the predominantly Moslem town of Nabatiyah and neighbouring villages about nine miles north of the border.

The bombardment came only a few hours after Israeli gunboats shelled the coastline between the two southern ports of Sidon and Tyre. Worst hit was the fishing village of Adloun.

L. Daniel adds from Tel Aviv: Events in southern Lebanon seem to have brought about another change in the timetable for the meeting between Mr. Ezer Weizman, the Israeli Defence Minister, and his Egyptian counterpart, Gen. Khamal Hassan Ali.

Mr. Weizman is now due to go to Cairo today for three days. He should have gone to Cairo last Sunday, but the visit was postponed at Israel's request until the first week of May because of the terrorist raid on the Israeli town of Nahariyah.

Meanwhile it was learned yesterday that Mr. Menahem Begin, the Israeli Prime Minister, intends to ask the Cabinet on Sunday for a reversal of the previous Government's decision not to impose the death sentence on terrorists.

Carter plan for Egypt takes shape

BY ROGER MATTHEWS IN CAIRO

SAUDI ARABIA'S decision, announced on Monday, to cut off diplomatic and political relations with Egypt is a severe blow to President Sadat's Government. Significantly, the Saudis have made no mention of cutting economic relations. However, the U.S. Government appears to have made contingency plans with a "Carter plan" to help Egypt's economy weather the drastic effects of a change of heart by the Saudis on the economic issue.

The plan is beginning to take shape, according to Egypt's national news agency. The Ministry of Industry is reported to have drawn up a provisional list of projects estimated to cost $12.25bn over five years. It is expected that these will be financed substantially by the U.S., Western Europe and Japan.

The Ministry list covers both private and public sector projects and the rehabilitation of existing plants. But it concentrates on the public sector which accounts for 90 per cent of industrial output. Spinning, weaving, foodstuffs, chemicals, engineering and mining are identified as areas to which investment should be directed. Basic allocations for each sector are laid down.

The industrial private sector is expected to require $750m. The ministry is also looking for the construction of new cement plants and other factories associated with building materials to sustain an ambitious construction programme.

Egypt has budgeted this year for total investment of about $3.5bn, an increase of 15 per cent over 1978 which largely reflects the amount by which last year's targets fell short.

There is some anxiety that further failures to meet investment targets, caused often by the slowness of bureaucratic procedures, will result in further tensions within the economy especially as the level of private investment is far lower than might be expected, given the rapid increase in disposable income.

Some officials are concerned about the dangerous inflationary effect of attempting to invest too much too quickly and are sceptical about the feasibility of the "Carter plan" even if the proposed donor nations prove willing to make available the funds. The officials argue that the current programme is as much as Egypt can be expected to absorb.

A major difficulty during the recent period of sharply increased external aid has been to have sufficient projects ready to match the funds available. Until this improves critics of the "Carter plan" fear that any further boost in Western investment will do more harm than good.

● Sudan has broken off diplomatic relations with Iraq in protest against an Iraqi Press campaign against Sudan and failure to deliver oil supplies. The decision was announced in a broadcast on Monday night by President Jafaar Nimairi. Sudan has supported Egypt in its peace negotiations with Israel.

Ceasefire holds between Kurds and Turks

BY SIMON HENDERSON IN NAQADEH

AN UNEASY ceasefire, now in its second day, has stopped further fighting between Kurds and Turks in the mountainous area of north-west Iran near the borders with Turkey and Iraq.

The ceasefire is being enforced by units of Iran's National army, with hundreds of Islamic militiamen who have gone to the town of Naqadeh (pop. 10,000), from the surrounding area. Many Kurds appear to have fled into the hills.

The fighting started last Friday at a Kurdis political meeting in Naqadeh, and soon developed into a bloodv confrontation between Kurds and Turkish-speaking Azerbaijanis.

The Turkish-speaking gunmen claim the Kurds have been committing atrocities against children—slitting their throats and cutting off their limbs. In the few hours I remained in the town, I was unable to see proof of this. But feelings of vengeance were running high.

In a nearby village, I watched as a Jeep carrying gunmen drew up on a bridge. The body of a Kurd was thrown into the road and while men and children cheered, was hurled into the river. It sank in the fast-flowing stream and when it rose, the children threw stones at it.

Across the valley, a Kurdish village was firmly ablaze. Its population had fled.

The ceasefire was drawn up between local religious leaders. Helping with the negotiations were a central government official and an ayatollah.

The real cause of the end to the fighting must have been the influx of Iranian army units into the area. Four tanks commanded a road block at the main junction while further up the road, a battery of six howitzers was in position. Several hundred infantry were nearby.

Another outbreak of Kurdish fighting seems inevitable, however.

Muzorewa to head Zimbabwe

By Tony Hawkins in Salisbury

BISHOP ABEL MUZOREWA will become the first black Prime Minister of Zimbabwe-Rhodesia next month after winning 51 of the 72 black seats in the 100-member House of Assembly. The Bishop's United African National Council (UANC) carried just over 67 per cent of the total votes cast.

Because parliamentary seats are allocated on the basis of proportional representation in the eight electoral provinces, he secured 51 of the 72 black seats giving the UANC an overall majority in both Parliament and the national unity Cabinet.

The Rev. Ndabaningi Sithole's Zimbabwe African National Union (ZANU) came second in the contest between the five black nationalist parties winning 12 seats. With that result it is guaranteed two Cabinet posts in the national unity government as against the Bishop's 10 Cabinet posts. A party will get one Cabinet post for every five parliamentary seats it holds. In third place was Chief Ndiweni's United National Federal Party (UNFP) with nine seats (one Cabinet post), while Chief Jeremiah Chirau's Zimbabwe United Peoples Organisation (ZUPO) failed to win a single seat.

The result means that Mr. Ian Smith's Rhodesian Front will be the second largest party in parliament with 28 seats (five Cabinet posts).

Patriotic front tries to heal internal rifts

BY MICHAEL HOLMAN IN LUSAKA

THE FRAGILE UNITY of the Rhodesian guerrilla alliance, the Patriotic Front, is in the balance as its leaders consider proposals for military and political integration of its two wings, the Zimbabwe African People's Union (ZAPU) and the Zimbabwe African National Union (ZANU).

Mr. Joshua Nkomo, the leader of ZAPU, and Mr. Robert Mugabe, leader of ZANU, are expected to meet the leaders of African front-line States early in May for a second round of talks on the issue within a month. Failure to reach agreement would not only increase fears of civil conflict in Rhodesia. It would also weaken the Front's position at the July summit of the Organisation of African Unity in Liberia, where Rhodesia will be a major item.

It is believed here that the two parties remain sharply at odds. The front was formed in 1976 but there is no military unity, and political co-operation has been limited to a joint diplomatic stance during the Anglo-American negotiations, and joint projects such as a survey of skilled manpower requirements in Zimbabwe.

Mr. Nkomo and Mr. Mugabe have already met front-line Presidents in the Tanzanian capital of Dar es Salaam to consider unity proposals. The document which emerged frankly acknowledged that real unity had not been achieved, and this failure had hampered the successful pursuit of the war.

It went on to propose a 10-member executive committee and a 50-strong national council for the Front, with equal representation of ZAPU and ZANU. However, serious problems have arisen over allocation of portfolios on the executive committee which would consist of a chairman, secretary-general, and heads and deputies of four departments—external relations, defence and security, finance and administration, and information and publicity.

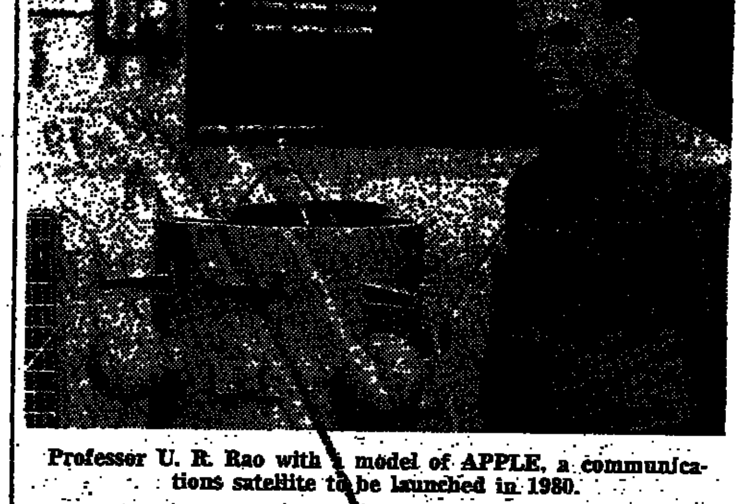
Mr. Nkomo has been offered the chairmanship, and ZAPU members would head external relations, and information and publicity. Mr. Mugabe would be secretary-general, while ZANU nominees would head defence and security, and finance and administration.

Although the proposals insist that the heads of all departments have deputies from the other party, ZAPU believes that the allocation favours ZANU, and ZAPU is given what it regards as little more than a public relations and understudy role. Party officials maintain that ZAPU is better armed and funded than ZANU, which they say would benefit considerably under the proposal. For this and other reasons ZAPU are unlikely to accept these terms.

"What it boils down to," said one observer who has followed negotiations closely over the past two years, "is that the two parties simply don't trust each other."

India's A-policy under pressure

BY DAVID TONGE, RECENTLY IN BANGALORE



Professor U. R. Rao with a model of APPLE, a communications satellite to be launched in 1980.

"WE WILL never produce nuclear weapons," Indian officials say in unanimity—and despite India's atomic explosion in 1974 the indications have long been that they are sincere. But this anti-nuclear stand is now under stress following Pakistan's attempts to build a uranium enrichment plant.

The Indians have complained that this move towards developing a bomb with equipment "smuggled" from Britain and the U.S. is cutting off all development aid to Pakistan. All this could make India feel obliged to change policy. Its rapidly developing space programme has put India on a course which, with such a change of policy, could lead it to produce a medium-range ballistic missile.

This July India is due to launch its first home-built rocket, which would have "considerable potential military application," according to the International Institute for Strategic Studies (IISS).

Developing a nuclear warhead would require a major diversion of India's present civilian nuclear programme to military ends. It would also require the stock-piling of plutonium and weapon tests. The IISS insists that there is no indication that India has decided on this but suggests that were it to do so India could expect to have a workable missile by around 1990. But for now the emphasis of space research is on peaceful ends, with considerable local progress made in the field of satellites.

The first satellite built by the Indian Space Research Organisation (ISRO) at Bangalore was launched on a Soviet rocket four years ago. ISRO is now working on the "final stages" of a second satellite. This, too, is to be launched on a Soviet rocket. But in general India is showing that it is more interested in technology than ideology.

It is providing a satellite to be launched next year under the programme of the European Space Agency (ESA)—of which it is the only non-European member. It is also buying a major communications satellite from Ford Aerospace, the space division of the U.S. car company, according to Professor U. R. Rao, director of ISAC, as ISRO's satellite centre is known.

India's first satellite, Aryabhata, was launched in April, 1975. The 358-kilogram satellite was sent up with three main objectives, according to the Professor—to stimulate indigenous design and manufacture, to develop controls over a satellite in orbit, and to promote establishment of the necessary ground stations. Expected to stay in orbit for six months, it is still functioning today.

ISAC is in a sense a strange plant to find in Bangalore, a garden city best known as a "pension's paradise" and former colonial hill station. But since the Second World War a number of advanced industries have grown up around the large Hindustan Aeronautics factory in the city.

From the outside, ISAC's installations are little more noticeable than any of the other factories on the local industrial estate at Peenya. Security is such that in December a crowd of demonstrators protesting against the imprisonment of Mrs. Indira Gandhi was able to break the windows of the "clean room" used to test parts of the new satellite.

This is now due to be launched within four months. Weighing 425 kilograms, it will carry two TV cameras and three microwave radiometers. It is intended to help map the subcontinent and in meteorological forecasts

In mid-1980 a further Indian satellite, a 630-kilogram experimental communications satellite, is to be launched by ESA on the third Ariane flight. Dr. Rao describes the Ariane Passenger Payload Experiment, APPLE, as a "jump in our total technology." It is to be "the forerunner of our future multi-purpose communications satellites." But for the present India is to rely on a Ford-made satellite to provide such communications. No single USSR satellite combines the functions of television relay, telephone link and meteorological work, according to Dr. Rao.

He puts emphasis on the peaceful ends of this whole programme, on the way that it will allow broadcasting through the subcontinent of "timely disaster warnings" and mass education programmes. But when India fires its own satellite launch vehicle, SLV 3, later this year it will be continuing a development which could lead to more assertive ends.

The rocket, developed at the Vikram Sarabhai space centre at Trivandrum and to be fired from Sriharikota island near Madras, weighs 18 tons and has four stages.

Windfall profits tax wins favour in Congress

BY DAVID BUCHAN IN WASHINGTON

CONGRESS HAS returned from its Easter recess this week with an apparent majority in favour of some sort of tax on the windfall profit that oil companies will reap when price controls start being phased out from June 1.

This shift from the mood just three weeks ago, is confirmed by Congressional leaders: Senator Howard Baker, the Republican leader in the Senate, has said he is ow "hard pressed to find anybody who's opposed" to the idea of such a tax.

The change is attributed in part to the steady drumbeat that President Carter has kept up for the levy and to the surge in profits which the companies are already reporting for the first three months of this year. Exxo's first quarter profits rose 37 per cet and Standard Oil of Indiana's profits 28 per cet.

But the tax may bear little relation to Mr. Carter's proposal. Pressure by the oil industry, which has a powerful ally in Senator Russell Long, chairman of the Senate Finance Committee that writes tax legislation, for a 'plough back" provision, allowing companies credit against the tax for profits reinvested in oil exploration and production is rapidly gaining ground.

The President, who explicitly ruled any such provision out of his tax proposals, said this week that it would reduce the tax to "a charade" and "hoodwink" the public. "Plough-back" provisions would "provide loopholes so that the oil companies will get another $4bn or $5bn on top of the $6bn they would get under decontrol with an honest windfall profits tax passed."

Mr. Carter has proposed a 50 per cent tax on the difference between current domestic prices and existing world prices, which will close by autumn 1981, and then a further 50 per cent tax on any further OPEC-decreed increases in world prices.

The Administration has given its blessing to Senator Edward Kennedy's plan to introduce into the Senate udiciary committee legislation preventing oil companies buying other companies with assets of more than $100m.

Kevin Done, in the Canadian North West Territories, reports on an ambitious drilling plan

Extracting oil from the frozen Arctic wastes

OFFSHORE EXPLORATION for oil and gas in some of the world's most extreme environments in the Arctic, off the coast of Labrador and between Baffin Island and Greenland, will be pushed to new limits this year as Canada searches for fresh discoveries to supplement its falling onshore reserves.

Finds will have to be on a massive scale, however, if they are to prove commercial because there is no proven technology for producing oil or gas in such hostile regions yet.

Some 280 miles to the east of St. John's, Newfoundland, Imperial Oil, which is 70 per cent owned by Exxon, is planning to drill to a water depth of 3,700 ft, the deepest yet explored off the coast of Canada.

Further north to the east of Baffin Island in the Davis Strait, the company will be drilling to 2,900 ft, while in the shallow Beaufort Sea far above the Arctic Circle and to the east of Alaska, an artificial island is under construction, the biggest yet built, which will serve as a platform for drilling a wildcat exploration well early next year. The programme off the east coast is expected to cost about C$55m (£23m) to drill just two wells.

Some gas has been found already in the area by Total and Eastcan, but nothing which would give hope of future commercial developments.

The waters off Baffin Island and the coast of Labrador can be far stormier than the North Sea, the roughest offshore area from which oil has yet been produced. Water depths are far greater—the deepest water in which a North Sea field is being developed is just over 600 ft. Vessels drilling in the area also face a major threat from icebergs.

The oil company plans to try to tow away smaller icebergs up to about 1m tonnes, but larger icebergs would be too big to be diverted.

Above the Arctic Circle in the Beaufort Sea to the east of Alaska the climate offers the biggest challenge. The water is comparatively shallow, no more than 60-70 feet even 50 miles offshore.

Dome Petroleum of Canada is entering its fourth drilling season in the area, exploring concessions in depths of 100-150 ft. A number of conventional drill-ships will go in during the summer months when the ice temporarily clears to test finds made in 1978. It has found oil but last year the wells had to be abandoned for winter and they will be tested for the first time this year.

The stock market at least is convinced the finds are big and Dome's share price has rocketed. Company executives are already talking of transporting oil out in reinforced tankers that can break through the ice, and the company is reported to have made Canada's biggest oil find.

Imperial has adopted the very different exploration tactic of building artificial islands to serve as platforms, on which they mount conventional land drillings rigs. A total of 15 islands have been built since 1972 and 14 wells drilled, in water depths up to 30 ft. But this year an island should be completed in 62 ft of water to allow a new exploration well to be drilled further offshore early next year. This single well is expected to cost C$68m, more than three times the cost of the most expensive wells drilled in the North Sea.

In the Beaufort Sea ice grows to 7 ft thick and temperatures fall to −55C. The artificial islands have to be built to withstand the massive pressures of moving ice, which can form 30 ft ridges around the islands.

Conventional offshore shallow-water drilling rigs could never hold together under such strains, but the artificial islands allow drilling to go on throughout the year.

The Issungnak island now under construction by Imperial and Gulf Oil will have a base with a diameter of about half a mile. Above the sea it will be little more than 100 yards wide.

The island, which was started last year, is being constructed from about 4m cubic metres of sand dredged up from the seabed nearby. It can be built only during the summer. Some of the earlier islands were built during the winter, when holes had to be cut in the ice and gravel trucked from the mainland to be dumped on the seabed for the foundations.

Only one oil find has been made from the island exploration programme so far, with recoverable reserves estimated at 50m-100m barrels. Such a find would barely be commercial in the North Sea, but in the Arctic at least 1bn barrels would be needed. Workers on the rigs during the winter face dangers not only from the climate but also from polar bears. One man was killed two years ago on an Imperial rig, when safety rules were ignored. Regulations on the rigs have been tightened. A special "bear monitor" is employed to warn of the arrival of any polar bears in the area.

Imperial is currently drilling one well from an island to appraise its earlier find and another island should be built next year.

The general pace of exploration in the area has fallen, however, as a result of delays in planning permission for a gas pipeline to the south, and Imperial is now drilling only the bare minimum number of wells needed to meet its licence obligations.

The population of Inuvik, specially built for the development of the oil and gas industry, has fallen from about 3,500 to less than 2,800 recently.

The main exploration success so far in the region has come just onshore in the Mackenzie Delta. Undeveloped reserves of at least 5-7 trillion (million million) cubic feet of gas have been found by Shell, Gulf and Imperial, enough to justify a pipeline connection to the proposed Alaska highway gas trunkline from Prudhoe Bay through the Yukon and British Columbia to Alberta.

Ways of producing oil or gas finds have still to be developed both for offshore areas in the Beaufort Sea and onshore on the islands of the Canadian high Arctic, where 12-15 trillion cubic feet of gas has been discovered. At least twice this amount would be needed to make it commercial.

Companies are working on plans that range from using subsea production systems placed on the seabed and ice-strengthened tankers for transportation, to local liquefaction for gas and transport by tankers, to flexible pipelines that in the summer would lie in the water or on the seabed and in the winter would be placed on top of the ice.

Concession to Sohio

BY DAVID LASCELLES IN NEW YORK

AS AN inducement to Standard Oil of Ohio (Sohio), the BP subsidiary, to build its $1bn oil pipeline from Long Beach, California, to Texas, the Federal Energy Regulatory Commission (FERC) has said the company can pass on to its customers the anti-pollution costs involved in the project.

Sohio would spend $78m to clean up the Long Beach power plant as part of a complex environmental trade-off for permission to build its terminal at the harbour there. Sohie last month abondoned the project, blaming delays and soaring costs due to local opposition by environmentalists.

Though the FERC ruling sets a precedent, Sohio was unimpressed yesterday. A spokesmen said that the company had assumed all along that it would be able to pass these costs on. "If we couldn't," he said, "it would have been the end of the project long ago."

Apart from the FERC ruling, there has been one other small positive development. One of the Californian agencies responsible for clean air recently passed a resolution to grant Sohio a permit, but subject to public hearings and action by another state anti-pollution agency and the Federal Environmental Protection Agency.

Trudeau supporters trounced

By Jim Rusk in Toronto

MR. PIERRE TRUDEAU, Canada's Prime Minister, can no longer look for help from a provincial Liberal government as he runs for re-election.

The Liberal Party's last remaining provincial government, in Prince Edward Island, fell to the Progressive Conservatives early this week.

Under Mr. J. Angus MacLean, the Conservatives trounced the Liberal government of Mr. Bennett Campbell by taking 21 of the 32 seats in the provincial legislature.

The latest poll—by the Canadian Broadcasting Corporation—shows that mid-way through the federal election campaign, Mr. Trudeau's Liberals are trailing the Progressive Conservatives, led by Mr. Joe Clark.

The two parties were said to be neck-and-neck at the start of the campaign, but the poll shows that, if the election were held immediately, the Conservatives would receive 40.2 per cent of the vote, the Liberals 38.4 per cent, the New Democratic Party 16 per cent, and the Social Credit Party 4.6 per cent.

The poll shows, however, that Tory supporters believed Mr. Trudeau to be the most attractive political leader.

According to the poll 31.5 per cent of the electorate is still undecided how to vote.

U.S. rubber union meets Uniroyal

By John Wyles in New York

U.S. GOVERNMENT mediators yesterday brought negotiators for Uniroyal Inc. together with leaders of the United Rubber Workers Union in a bid to stave off a strike over terms for a new three-year contract.

Out of all the confusion of the past five days, Uniroyal has emerged as the company from which the union is seeking a pattern-setting agreement which would then be implemented by the other major U.S. tyre producers, Goodyear, Firestone and B. F. Goodrich.

Uniroyal is the most financially frail and the URW will probably call a strike of its 8,500 members there if there is no agreement in thet next few days.

President Jimmy Carter's wage guidelines are inevitably complicating the negotiations and there is a suspicion in the union that Uniroyal bowed to behind-the-scenes Government pressure last week when a draft agreement appeared to be in prospect.

Since then Mr. Bommarito has claimed that Uniroyal backed down on an agreement to improve cost-of-living payments and to refrain from opposing union organisation

The union reportedly says that in addition to better inflation protection, the companies were offering pay rises worth 14.5 per cen tover three years.

Spain aims to boost Latin American role

BY HUGH O'SHAUGHNESSY IN LA PAZ

SPAIN is lobbying hard for membership of the UN Economic Commission for Latin America (ECLA) as part of its new strategy for strengthening links with Latin America on the eve of its entry to the European Economic Community.

The Spanish delegation is being led by Sr. Manuel de Prado y Colon de Carvajal, who claims to be a direct descendant of Christopher Columbus, and who was until recently chairman of Iberia, Spain's national airline, and the International Air Transport Association (IATA).

King Juan Carlos, who has paid several state visits to Latin American countries, has also signified his interest in the conference.

The Spanish application is likely to be accepted here, as the argument that Spain could become an advocate of Latin America within the EEC is seen to have some force.

Some Latin Americans doubt, however, that Spain, as the most junior member of the Community, will be able to do much for the region, for some time. Most Latin Americans welcome the Spanish move, pointing to the comparative lack of interest that the present Nine have so far taken in the region.

The application for membership of ECLA, the region's "think tank" on economic questions, is part of a wider strategy which has recently made Spain a member of the Inter-American Bank and a permanent observer at the Organisation of American States. Late last year, Spain also moved from membership of the European group in the International Monetary Fund (IMF) to the Latin American group, and is staking out a strong position as a way of backing up its stand as a friend of Latin America.

WORLD TRADE NEWS

Hitachi to manufacture colour TV sets in U.S.

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

HITACHI ANNOUNCED yesterday that it plans to establish a wholly owned U.S. subsidiary to manufacture TV sets for the American market.

The company, to be called Hitachi Consumer Products of America, will start manufacturing TV sets in August this year at a factory outside Los Angeles. Production is scheduled to reach 7,000 to 8,000 sets per month by January 1980 and at a later stage will be increased to 10,000 sets.

Hitachi decided to go ahead with the establishment of a wholly-owned manufacturing venture after the U.S. Justice Department ruled late last year that a projected joint venture with General Electric would violate American anti-trust law. In place of the joint venture Hitachi hopes to negotiate a general agreement on technological exchange with GE. Relations between the two companies remain close despite the Justice Department ruling.

Hitachi stopped shipping colour TV sets to the U.S. from Japan in the spring of last year (mainly because the yen revaluation was pricing Japanese sets out of the American market). Its two subsidiaries in Taiwan and Singapore have continued to supply the U.S. market, with the Taiwan factory shipping 15,000 sets per month and the Singapore plant supplying about 6,000 sets per month during most of 1978. The negotiation of an "orderly marketing agreement" between the U.S. and Taiwan in late 1978 meant that Hitachi was obliged to cut back shipments from Taiwan.

Supplying the U.S. market from a local plant will be cheaper than shipping sets from Taiwan, partly because of freight savings and partly because certain components are expected to cost less in the U.S. than in Taiwan (plastic cabinets and copper wire are cited as examples). Hitachi also hints that it was given favourable Government.

The Los Angeles plant will be located on the same site as the main storage facilities of Hitachi Sales Corporation of America (which will distribute the sets). Sharing a site has enabled the company to save on building costs and to minimise its tax liability.

Hitachi says that over 50 per cent (by value) of the components of its U.S. made sets will be locally procured. Management of the California venture will also be predominantly local with the parent company supplying only the company president and a financial specialist.

Hitachi's move to start making TV sets in the U.S. comes long after similar moves by other Japanese TV manufacturers (including Matsushita, Sony and Sanyo). One reason for the delay appears to have been the success of the company's strategy of offshore manufacture (in Taiwan and Singapore). Restrictions placed on Taiwanese exports to America dealt a serious though not fatal blow to this strategy. Hitachi executives say they have heard rumours that the U.S. may also shortly ask for Orderly Marketing Agreements with Singapore and Canada, thereby extending the protective barriers surrounding the U.S. industry.

U.S. sportswear push in Europe

BY RHYS DAVID

DU PONT the U.S. based chemicals and fibre group hopes to secure a big share of the sports wear market in Europe.

Du Pont's stretch fibre Lycra has gained a strong market in Britain and elsewhere in Europe and it is already used in track suits, leotards and swimwear. The company intends to manufacture a wider range of sports wear with the fibre.

Du Pont's move is part of an effort to develop new products less susceptible to pressure from imports.

The company has been affected by a fall in demand in Europe over the past four years but it expects spending on sports goods and equipment in the UK to increase by 50 per cent by 1985 to reach £2bn annually.

The company's plans were outlined yesterday at the Fabrex exhibition at Earls Court by Mr. Peter McMenemy, fibres marketing director. A recent survey had shown, he said, the average person in the UK spent more time at leisure than at work, while more than 20 per cent of the population participated in some form of sport.

Hereford cattle export success

FINANCIAL TIMES REPORTER

GROWING POPULARITY of Hereford cattle had led to their being exported to an increasing number of overseas countries in the past 10 years, it was stated in London yesterday.

At the end of the 1960s the cattle, which feature prominently in Hollywood westerns, were to be found in 45 countries; now they were in 56, including Russia, China, and offbeat islands like St. Helena.

Mr. Tony Morrison, director of the Hereford Herd Book Society, announced this when launching a film about the cattle which is intended to promote the breed as the corner-stone of the international beef industry.

The film, entitled The Hereford—the Breed that Feeds the World, has been produced by Sabre Film and Documentary Services, of Cardiff, for the society in conjunction with Imperial Chemical Industries.

Mr. Morrison said that the film had been made so that the attributes of the breed could be seen as they existed on farms. It was intended to show how breeders could testify for potential purchasers that the Hereford was one of the most profitable investments in livestock farming.

Decline in Italian trade surplus

By Paul Betts in Rome

ITALY'S BALANCE of trade last February showed a surplus of L342bn (£198.7m) compared with a deficit of L321bn the previous month, according to provisional figures released yesterday by the Italian statistics bureau, ISTAT.

During the first two months of this year the country's trade balance recorded a surplus of L21bn against a deficit of L203bn in the same period last year.

Official figures also showed an overall balance of payments surplus of L320bn last month compared with L183bn in March 1978.

However, compared with the overall surplus of L789bn in the first quarter of last year, the overall surplus for the first three months of this year declined to L325bn.

According to Sig Gaetano Stammati, the Italian Foreign Trade Minister, the country's overall balance of payments surplus this year was expected to be lower than last year's substantial L6,900bn surplus.

The main reason for the decline in the surplus, the Foreign Trade Minister said yesterday, was an increase in the volume of imports reflecting the recovery in production and demand and the higher cost of raw materials.

In this respect, the Italian caretaker government is now finalising energy saving measures designed to effect a saving of some 4m tonnes of petroleum this year. Italy's annual energy requirement this year is expected to total some 104m tonnes of petroleum equivalent.

The proposed measures are understood to include increases in electricity rates and in the prices of some petroleum products. The shut down of all petrol stations at weekends and public holidays, restrictions on neon advertising, domestic heating limits and earlier closing hours for offices.

At the same time there are now signs of a revival in inflation, and concern that the country's enlarged public sector deficit could get out of hand as a consequence of the dissolution of parliament and the loss of important draft legislation to correct the structural distortions of the public sector, including the reform of the country's chaotic pensions system.

BAHRAIN-SAUDI CAUSEWAY

Team seeks World Bank advice

BY DOINA THOMAS IN BAHRAIN

ON SUNDAY a joint Bahraini-Saudi technical committee arrives in Washington with the pre-qualification bids for the $1bn (£300m) Saudi Arabia-to-Bahrain causeway. The hopes of 80 of the world's international contracting companies are with them.

These 80 companies have combined into 35 consortia, which hope to be invited to bid for the construction contract of the 15-mile causeway. The causeway project is one of the few major construction programmes to be undertaken in the Gulf for the foreseeable future.

Tender evaluation is expected to take three months, and it is hoped that the first dredgers and diggers will start work three months after the contract has been awarded. On this schedule the first earth should be turned in March, 1980. Construction should take four to five years.

Because the cost is being borne by Saudi Arabia alone, the joint technical team, accompanied by Danish consultants who have been working on the project for the past five years, is in Washington to consult World Bank and other experts in areas of expertise related to the project.

Although no formal list of hopeful pre-qualifiers has been made public, officials in Bahrain indicate that British contractors, a few Americans, some Japanese and South Korean, are all involved. The highest number of applications for the pre-qualification questionnaire came from Saudi companies, most of whom would be the sponsor or partner of an international contracting company.

The project is seen as an economic boon to both countries as it will enable Bahrain to benefit from Saudi wealth and allow the Saudi's to easily draw from Bahrain's high level of skilled manpower

At the end of 1977 Mr. Adnan Khashoggi, a Saudi entreprenuer, announced a consortium which included Tarmac Overseas and the Redpath Dorman Long subsidiary of British Steel, in an effort to negotiate the contract before it went to open tender. It was Mr. Khashoggi who first came up with the cost figure of $1bn for the causeway and associated works.

In Bahrain it is thought that the cost ought to be substantially less, given the recession in the world contracting industry and the reduction in inflation levels for goods supplied locally.

But the entire cost of the causeway is being borne by Saudi Arabia—which amounts to the equivalent of a $3,000 gift for every Bahraini on the island.

The rationale behind the causeway is economic rather than political, although it is conceded that events in Iran may have concentrated Saudi official minds a little on this particular project.

The causeway will link Bahrain, whose economy is showing small signs of an upturn after two years' stagnation, with the wealthy eastern province of Saudi Arabia. It is hoped in Saudi Arabia that Bahraini skilled manpower will commute to work across the water where skilled indigenous manpower is scarce. Bahrain is slowly moving towards a surplus of educated labour.

An important element in the formation of the 35 consortia is thought to be the involvement of local companies, supplies and labour. The contracting industry in Bahrain, in particular, is in the middle of a recession. The most recent large contract awarded in the island, the $80m gas gathering and processing facility, included a stipulation to the successful Japanese contractor that local companies be involved where practicable.

There have been periodic doubts as to whether the causeway project would ever go ahead.

At one point in 1977 it was dubbed the channel tunnel of the Gulf, but indications are that the consultants expect to be around for another year which would take the project past the tender award stage.

China textile talks suspended

WASHINGTON—Negotiations in Peking between the U.S. and China on a textile agreement have been suspended and will be resumed May 21, the Office of Special Trade Representative Robert Strauss confirmed yesterday.

Textile industry and labour advisers to the U.S. negotiating team said the talks were suspended after the Chinese adopted a "rigid position" in a number of areas that must be included in the agreement.

The joint statement, issued as a press release from the American Textile Manufacturers Institute, said textile "imports from China have continued to contribute to the serious market disruption already existing in the United States."

The statement said "reasonable *limitation on this trade is* essential and must be achieved promptly, whether by bilateral agreement or through action under long established procedures . . . of the multifibre textile arrangement."

The Carter Administration is undertaking negotiations to limit Chinese exports of textiles to the U.S. as part of an understanding with U.S. textile industry and labour representatives for their support for a new agreement on Tariffs and Trade (GATT).

● The U.S. Army Corps of Engineers will hastily gather bids from major U.S. companies to build two Israeli military air bases in the Negev Desert to replace two similar bases in the Sinai that Israel agreed to abandon under its peace treaty with Egypt.

The bases, for which Congress has been asked to allocate $800m (£400m) are scheduled to operate within three years—a difficult deadline to meet. Major General James A. Johnson, contracting officer for the corps, said similar construction normally would take five to seven years.

Agencies

Peru woos carmakers

TURIN — The Government of Peru has invited several international automobile companies to make tender offers to construct an automobile and truck assembly plant, according to Fiat.

Peru reportedly asked eight companies besides Fiat to submit proposals for the plant. They were Volvo, Chrysler, General Motors, Ford, Toyota, Nissan, Volkswagen and Renault. Initial negotiations are scheduled to be completed by June.

AP-DJ

Japanese win HK civil engineering work

BY PHILIP BOWRING IN HONG KONG

KUMAGAI GUM, the Japanese construction group, has won a $50m contract for the civil engineering work for Hong Kong's major new coal-fired power station being built by the Kowloon Electricity Supply Company, which is owned by Exxon and China Light and Power.

As earlier announced British companies have won the main orders for the generating and transmission equipment.

The Kumagai success underlines the dominance of Japanese companies in heavy civil enginering work in Hong Kong. Japanese companies, including Kumagai, recently won the bulk of civil contracts for the extension of Hong Kong underground railway. These successes have led to complaints from other contractors, especially local ones, that the Japanese are deliberately undercutting them in order to gain a major slice of the market.

Our Seoul Correspondent writes: Bank Bruxelles Lambert is to provide $378m (£185m) to the South Korean Government to partly finance the supply of telephone switchboards and switchboard manufacturing plans.

The telecommunications equipment is to be produced by the Bell Telephone Manufacturing Company of Belgium. A loan commitment was given to a negotiating team from the Korean Economic Planning Board during a visit to Brussels earlier this month.

The Belgian bank has agreed to advance $276m this year and the remainder in 1980. Both amounts will carry an interest rate of 8 per cent.

Rembrandt, "Self-portrait" (1631), Rijksmuseum, Amsterdam.

Docks board surplus increased to £14.5m

BY LYNTON McLAIN

THE STATE-OWNED British Transport Docks Board made a pre-tax surplus of £14.5m last year, in spite of a further setback at the port of Southampton, where the net loss more than doubled to £1.7m. The board's surplus compares with £15.2m surplus made in 1977.

Sir Humphrey Browne, chairman of the board, said the port was the major disappointment last year.

Its revenue rose marginally from £29m in 1977 to £30.7m last year. But there were serious problems stemming from industrial disputes. These led to a delay of several months in the opening of the South Africa container terminal.

There had also been attempts by employees at Southampton and at other ports to breach the Government's five per cent pay guidelines.

Sir Humphrey said Southampton, Hull and Immingham had all settled, after agreeing to "specific changes in working practices." The average level gave a total rise in pay of just under ten per cent.

The board's 19 ports produced a gross revenue of £120m last year—compared with £110m in 1977—which yielded a surplus of £29.7m after historic cost depreciation and exceptional items.

The surplus, as a proportion of capital employed, came to 16.9 per cent, just over the 16.8 per cent yield recorded in 1977 and short of the board's aim of being much nearer the Government target of a 20 per cent yield by next year.

There was growth in the volume of all major commodities except timber and food. Timber handled by the board's ports fell by 7.4 per cent to 1.03m tonnes and food fell by almost 4 per cent to 3.8m tonnes.

But the volume of ore handled rose by almost 8 per cent to 9.2m tonnes, and petroleum products by 1.6 per cent to 41.2m tonnes.

There was a sharp rise in the number of vehicles imported and exported. These rose by almost 15 per cent to 321,000 units compared with 1977.

Increased volume was also recorded in container services, with a rise of almost 5 per cent to 725,000 units.

The growth in the number of passengers through the board's ports was only 2.8 per cent to 3.04m people, a similar growth to the total ship movements, which rose by just over 2.5 per cent to 133,140 vessels.

Sir Humphrey said that the proportion of UK trade handled through the board's ports had increased. But he warned against the use of Government subidies to aid less efficient ports.

"We are totally opposed to the use of subsidies as a means of keeping port charges below their true economic level," he said. The board is concerned about the position at the Port of London, Bristol and Preston, where subsidies are provided.

Price Commission criticises efficiency and pricing policy at Rugby Portland

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

RUGBY PORTLAND Cement was yesterday strongly criticised by the Price Commission for its management efficiency and pricing policy.

In a report on the company's 10.9 per cent price increase—already granted under the defunct safeguard regulations—the commission warns that the company's next application for a price increase will be subjected to close scrutiny.

"We shall look very closely to see what genuine improvements the company has set in hand to implement plans to concentrate on improving its management and technical efficiency," the report says.

Rugby Portland last night described the commission's report as "unsatisfactory and inadequate in spite of the enormous amount of effort the company contributed in order to help the commission."

RPC is the holding company for 24 trading subsidiaries in the cement industry. It owns eight quarries which supply chalk, clay and stone to its seven cement-producing works in England.

The commission, in its report, suggests that, until recently, the company had made insufficient effort to draw together at senior management level all the possibilities for improving efficiency and reducing costs.

"We believe the present management accounting and information system could be better used to provide management with a sound basis for systematic improvement," the report says. "The responsibility for cost appraisal and control is distributed across the management functions; but there is no focus at the centre for the production and monitoring of a co-ordinated company-wide programme.

"The company appears to have recognised the need for change and we understand that the technical side of the company is undergoing reorganisation to bring production, engineering and the laboratories under one director to take a central role in planning."

The report says that the company has begun to identify measures which would produce savings in engineering, and technical improvements to existing plant. The commission believes these measures could be developed further and that a more systematic approach to the planning of cost reduction, performance and productivity improvements, both centrally and at plant level, is needed.

Although the commission acknowledges that some degree of cost containment has been achieved with short-term measures, and a start has been made in converting plants to more modern processes with higher fuel efficiency, many of the company's problems are of a long-term nature. The report suggests that their solution will require a high rate of change to new technology and a determined and systematic attack on costs."

The commission also believes that management resources, which it claims appear to have been kept deliberately slim, will need to be strengthened in a number of areas.

It was also critical of the cement industry's efforts to bring into effect the changes recommended last year in its report on Associated Portland Cement Manufacturers (now Blue Circle Cement) which is the market leader. The commission said then that "basing point prices" which was a system designed to even out charges to the consumer, irrespective of their location, should more accurately reflect the costs of manufacture, and that cross-subsidisation with distribution costs should be reduced.

In the report on Rugby Portland the commission says what it regards "as a retrograde step" the adoption earlier this year by the Cement Makers' Federation of a common basing point price.

The commission hopes that its latest report will encourage the cement industry to make more progress towards ensuring that the price to the consumer reflects the cost of distribution as well as production costs at works.

The report notes a strong demand for direct negotiations with the cement manufacturers over the price the purchaser pays for his cement. There is sufficient scope, the commission believes, for large purchasers to bypass builders' merchants and negotiate discounts on cements based on cost savings which are large enough to be worthwhile.

As a matter of urgency, the commission suggests that the industry should reconsider the question of improving the allowances granted to customers who collect cement themselves, so that these prices are better aligned to the cost saving for the producer. Present allowances were considered by the commission to be unreasonably small for those who could collect regularly.

The report also critices Rugby Portland—like other cement companies—for insufficient expenditure on research in the past, tending to rely instead on the cement machinery manufacturers for technical support. The company had been slow to react to the changed conditions afte r the big rise in oil prices in 1973. It should have concentrated more investment and effort on improving efficiency.

The company's transport and distribution service was well thought of by customers, the report says, but the commission questioned whether it needed to be operated at such a high standard, and whether some minor revisions might produce cost savings.

It did have some good words for the company: "Industrial relations in RPC are harmonious and no instances of industrial action have occurred in recent years. The company has a good absenteeism and labour turnover record."

And, in deciding not to recommend any restrictions on prices, the commission says it took into account the company's relatively modest leve lof profitability in the UK in recent years, its large capital expenditure programme, and the continuing need for cash. In addition, it recognised the time needed — years rather than months — for major action already in hand or proposed, to show up in the financial results.

The Rugby Portland Cement Company — Price Commission report no. 35, HC 346, SO, £1.25.

Oil groups raise pollution payment

BY SUE CAMERON

THE BIG oil companies have agreed to increase the maximum amount of compensation they will jointly pay for pollution at sea from £19m to £28.5m.

The decision to raise the limit on compensation was taken last week at a meeting of oil companies which contribute to the International Oil Pollution Compensation Fund.

It is understood the big companies agreed to put up the maximum compensation payable from the fund, partly to take account of inflation and partly in recognition of the amount of damage that can be caused by modern super-tankers.

The fund, made up of contributions from companies receiving 150,000 tonnes or more of oil a year, was established in 1971, when the £19m figure was set. Compensation from it is payable under conventions adopted by IMCO — the Intergovernmental Maritime Consultative Organisation.

The aim is to compensate for damage outstanding after a shipowner has met his liability for oil pollution at sea.

Under IMCO conventions shipowners can be liable for the first £9m of damage, but the extent of an owner's liability depends on the size of his tanker.

Smaller ships attract smaller liability for their owners, though they can still cause considerable damage.

The increase in compensation payable from the fund follows publication of an IMCO survey showing that 1.5m tonnes of oil were accidentally discharged into the sea between 1962 and the end of last year.

The survey concentrates on 55 separate incidents, including last year's Amoco Cadiz disaster and the Torrey Canyon incident in 1967.

The survey mainly on accidents close to the shore that lost 5,000 tonnes of oil or more into the sea, shows that most pollution disasters in the past 16 years have been in three areas—off the U.S. and Caribbean seaboard; the European Atlantic and North Sea coasts; and South Africa.

The new compensation limit is applicable from last weekend, April 20.

Insurers attack working party's law change plan

BY ERIC SHORT

A LAW Commission working party's recent recommendations for changes in insurance law have been severely criticised by the British Insurance Association.

In the commission's working paper No. 73 on insurance law, the working party said that the existing legislation favoured insurance companies; it recommended a fairer balance between insured and insurer and in particular that a person wanting insurance should tell the prospective insurer only what a reasonable person might consider important.

The BIA condemned the commission for allegedly failing to establish priorities. The alterations argued for related solely to the private policyholder, yet they would affect all insurance services worldwide. The main problem facing British insurance was harmonisation of insurance law and practice within the EEC.

The BIA said it regretted the essentially academic approach of the commission and felt there was no indication that it had consulted the Department of Trade about the number and variety of complaints made to it on insurance matters. Insurance law in the UK worked well and it was noticeable how very little case law arising over the past 50 years had been cited in the paper.

The paper had adopted an unnecessarily emotional and didactic form of expression; the BIA said it felt disquiet at the bias represented by turns of phrase used, such as mischief, in referring to the present law.

Finally, the BIA questioned the claim by the commission that the proposed changes would not lead to any significant increase in premiums. Any change in law, and therefore in practice, necessarily caused the insurance industry extra administrative costs and many involved extra claims payments. If the recommendations were put into practice, the insuring public, whether commercial or private, would have to pay muc hmore for their cover.

Blue plaque for ordnance pioneer

THE PIONEER of the Ordnance Survey map, Major-General William Roy, is to be commemorated by a blue plaque at Argyll Street, close to Oxford Circus. The plaque will be unveiled on Thursday at 11.30 am.

Roy moved to the house in 1779, and it was there that he began work on the map.

Born in Lanarkshire, he was employed by the Board of Ordinance in 1947 to make a large-scale survey of Scotland. He gave proposals for a national survey in 1763 and 1766, but nothing was done because of the American War of Independence.

In 1784, Roy laid down the Hounslow Heath base, commissioned new survey instruments and presented his scheme for an accurate detailed map of the whole country to the Royal Society.

The modern Ordnance Survey was set up a year after his death based on his proposals.

City branch for Security Trust

SECURITY TRUST, the Birmingham-based bank, is to open a branch in the City of London, at 10, Throgmorton Avenue, next Monday. The manager will be Mr. W. J. Ward.

Mr. Tony Lambourne, assistant general manager, said the expansion plans followed Security Trust becoming a wholly-owned subsidiary of America's Beneficial Corporation, a year ago.

"We shall offer a range of services at the new branch, with emphasis on commercial lending," he added.

Start soon on £2.5m by-pass

WORK IS to start soon on a £2.5m by-pass for Thame, Oxfordshire.

Oxfordshire County Council has signed a contract with Reed and Mallik of Salisbury for the 1.9 kilometre road which will by-pass Thame on the north-west. Work is to start on May 14.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF BURY. £2 million Bills issued 25th April, 1979, due 25th July, 1979. £½m. (half million pounds) at 11[illegible] per cent per annum and £1½m. (one and a half million pounds) at 11-27/64th per cent per annum. Applications £16 million. These are the only Bills outstanding.

Foundries turn down aid

BY ROY HODSEON

A NUMBER of companies in the foundry industry have concluded that trade prospects are too gloomy for them to accept Government aid to modernise their foundries.

The Department of Industry and the National Economic Development Office are concerned that the Government's foundry aid schemes will misfire badly because of the reluctance of the industry to participate.

The chairman of a company which has decided to refuse a grant of nearly £500,000 said last night: "There is no general upturn in demand for castings by British industry and the prospects for the automobile industry look particularly bleak. In the circumstances, we would not be justified in investing several millions of pounds of our own money sweetened by the Government grant."

The Government inaugurated two separate schemes four years ago to help modernisation and expansion in the ferrous and non-ferrous foundry sectors. A total of £100m was set aside for the grants. So far, £75.5m has been offered to the ferrous foundries as grants towards projects estimated to cost about £350m. The non-ferrous foundries have been offered £14.1m towards schemes costed at about £70m.

Investment plans

Mr. Derek Farrant, director of the Council of Ironfoundry Associations, has given a warning that inflation, coupled with the depressed demand for castings, is hitting members hard. Recently, prices of foundry raw materials have risen much faster than castings prices.

The low level of profits in many of the iron and non-ferrous foundry sectors is deterring a number of companies from proceeding with investment plans they have submitted to the Government during the last two years. Iron foundries are closing at a rate of one a week.

Payments

Schemes for foundry improvements which are not completed by August next year will no longer be eligible for the Government grants offered during the last three years. Interest in proceeding with new foundry investments is waning at such a rate that it is clear that a proportion of the grants offered will be allowed to lapse by companies which secured them.

Unofficial estimates suggest that up to £20m of the grants already offered will not be taken

The Department of Industry has reported that the rate of acceptances of grants by foundry companies has been slowing for some months. One factor restraining investment planning in the industry is the growing knowledge held by companies of their competitors' plans. Details of foundry aid grants offered to individual companies are published from time to time by the Department of Industry.

In the last quarter of 1978, the five biggest foundry aid offers (against which the Government made first payments) were: C. and B. Smith Foundries £584,500, Duport Foundries £648,150, Qualcast (Derby Foundries) £990,400, GEC Diesels £695,600, and Stone Platt Industries £510,950.

Ship shares offered instead of pay rise

By Ian Hargreaves, Shipping Correspondent

AN IRISH shipping company is asking its 2,000 employees to forego part of their annual pay increase in retur for shares in a ship.

B and I, the state-owned company which runs freight and passenger services between Ireland, the UK and Northern Europe, says the effects of the road haulage strike and other financial pressures this year mean it will have difficulty in meeting its employees' pay demands.

In its annual report, published yesterday, the company showed net profit of £1.35m for 1978, against £0.7m in 1977, but said there was likely to be a deterioration this year.

This was due to the road haulage strike, which had cost £0.65m, increasing fuel costs and the high initial costs of the company's new £15m ferry, the Connacht.

There are the reasons for the recent proposal to employees that instead of the straight 15 per cent Irish national wages guideline, they accept a package involving each receiving shares in a forthcoming venture, possibly a new ferry due to be ordered during this year.

This is not the first time the company's employees have been asked to help out B and I's finances by forbearance during a wages round.

Three years ago, the company's Irish employees pooled the proceeds of a wages award to form a loan to the financially troubled company. This has been repaid in subsequent years.

Last year's profit was the best in the company's history and was achieved in spite of a series of labour problems

Turnover rose from £32m in 1977 to £42m last year, resulting in a trading profit of £2.7m, against £2.83m in the previous year.

Mechanical engineering industry future 'bleak'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SHORT-TERM prospects for the mechanical engineering industry have deteriorated in the past few months because of the Iranian revolution and increased industrial unrest in Britain, says a report by the Engineering Employers' Federation.

In the longer term, the report views the underlying weakness of manufacturing industry as a disturbing indicator for the future when the benefits of North Sea oil begin to recede.

The mechanical engineering industry is important for the UK trade balance as it accounts for nearly 60 per cent of the overall surplus in manufacturing.

Prospects for the next 18 months, however, are far from good, with the Iranian market—which took 3 per cent of the industry's direct exports — virtually lost for the immediate future.

The U.S. market is expected to be more difficult this year, while even on the best estimates China will not make up for the loss of Iran in the short term.

The report finds Western Europe the best prospect for the industry in terms of the forecast growth of its economies, but does not rate its chances to highly considering that the UK trade balance with other EEC countries in mechanical engineering products showed a rapidly growing deficit during 1978.

The underlying trend in home market orders has been rising since the end of 1975. But the level reached "seems unhealthily low at a time when the prospect is for an even slower rate of industrial growth and a stagnation in the level of industrial investment."

A relatively small backlog of orders is reported for the industry. This means that any fall in the rate of orders must be followed quickly by a reduction in the volume of output.

This situation is very different from the last cyclical peak in 1974-75, when a large backlog of orders allowed the industry to continue for two years at an output level substantially above the rate of order intake.

Employment in the industry is forecast to decline gradually but skilled and experienced craftsmen, technicians and engineers remain in short supply. The shortage of skilled workers is particularly severe in the South-East.

Output prices are estimated to have risen by 10 to 11 per cent in the first quarter of 1979. Future price rises can be expected to follow the course of cost increases, as the substantial erosion of profit margins since the end of 1977 has left little scope for the absorption of rising costs.

The report comments that the continuing strength of sterling, combined with a relatively high rate of inflation in the UK, has forced UK export prices up to a level uncomfortably high in relation to competitors' prices.

Mechanical Engineering Industry Short Term Trends: Engineering Employers Federation.

Gas price rise attacked

By James McDonald

NATIONAL UTILITY Service, which advises 3,000 British companies on energy purchasing, has attacked the Government's energy policy by blaming political interference for last week's 8.5 per cent rise in tariff gas prices for business users.

Mr. Graham Pusey, general manager of the National Utility Service, said: "The new price increase went directly against the wishes of the gas corporation and against the wishes of gas users, both business and domestic."

"If the Government thinks it is protecting consumer interests by restricting this increase in the business sector, it is showing very little grasp of basic economics.

Multinationals 'need controls'

BY DAVID FREUD

MULTINATIONAL COMPANIES should co-operate fully with the development of codes and guidelines designed to control them, Dr. Gerd Tacke, former chairman of the West German company Siemens said yesterday.

Dr. Tacke said that multinationals could not prevent the development of guidelines.

"We should, however, fight very hard to ensure that the formulation of the codes allows the greatest possible freedom of entrepreneurial action," he told a lunch, in London, held by the German Chamber of Industry and Commerce in the UK.

There would, he said, be considerable advantages for multinationals in a world-wide accepted code. It would be easier to single out black sheep and stop unfair generalisations about the multinationals.

But the code would have to allow entrepreneurial freedom, otherwise the multinationals would be unable to speed world-wide growth as they had in the past.

Three codes, under the aegis of either the United Nations or Organisation for Economic Co-operation and Development —had been produced in the last three years.

However, there were two new codes which were bound to have a major impact covering the transfer of science and technology from the developed to the less developed countries.

Dr. Tacke said that while the transfer of material goods had been to the fore in the past, it looked as if there would be much greater transfer of non-material resources in future.

Plan for Hutton oil field

BY SUE CAMERON

A DEVELOPMENT plan for the North West Hutton oil field in the North Sea has been given to the Department of Energy by the U.S.-based Amoco group.

The field, on Block 211/27, has estimated reserves of 275m barrels and it is expected that it will cost £400m and £500m to develop, with running costs in a peak production year expected to be more than £30m. The estimated rate of return on the field is 15 per cent.

A discovery well was completed in 1975 and five more have been completed since. A sixth is still in progress.

Sasse syndicate members hope for £7m interest-free loan

BY JOHN MOORE

THE 110 MEMBERS of the Lloyd's of London Sasse underwriting syndicate, which is facing £13.6m of losses, have been summoned to a meeting at Lloyd's this afternoon to be told what further help has been arranged for the syndicate.

The members are hoping that a way has been found to make the loan facility of £7m, arranged by Lloyd's, interest-free.

Today's meeting comes just a week after Lloyd's refused a request by the members of the syndicate to increase the £7m loan facility.

Since then, there have been behind-the-scenes meetings involving the underwriting agents who introduced more than 90 of the members to the syndicate, and a deputy chairman of Lloyd's.

An idea that has been discussed is that the agents should hear the interest payments for members who take advantage of the loan. But whether this facility was to be arranged as a loan for the members, either interest-free or interest-bearing, or a gift, or even arranged at all, was the subject of some debate.

The agents have put forward a scheme to the Lloyd's committee which will be discussed at tomorrow's weekly meeting and then with the members in the afternoon.

Meanwhile, the syndicate's action committee is planning to call a meeting of the members at Lloyd's next week. It is intending to ask members not to make a decision on any new scheme which emerges tomorrow until after next week's meeting.

'More passenger rail lines' call

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL should set itself a target of reopening 40 kilometres (about 25 miles) of freight-only railway to passenger services each year, a railway watchdog group says.

The Central Transport Consultative Committee has sent a paper to the Railways Board suggesting a wide range of possible targets and indicators of railway performance which it says should be publicly monitored.

A number of routes, such as Coventry - Bedworth - Nuneaton, could support at least a peak-hour-only passenger service. The committee urges British Rail to look at other possibilities for reinstatement.

In addition to its 8,900-route miles of passenger railway, British Rail has over 2,200 miles of freight-only lines, some of which are used in emergencies for diverted passenger trains. The committee does not know what proportion of these lines could be upgraded.

Among other targets and indicators the committee wants to explore are standards of lighting on stations, more detailed punctuality targets, fuller public information on cancellations, better analysis of complaints and a new range of what it calls "social indicators."

These would be designed to show if the rail network is becoming more or less geographically and financially accessible to various sectors of the population.

The committee supports pressure from other quarters for more information about railway productivity, but concludes "with regret" that there is "no meaningful way" of measuring and monitoring standards of catering, cleanliness or booking-office efficiency.

All targets should be monitored against rigorous and realistic targets. "Management should be able to account for significant changes, especially those which produce a worsening service for the consumer."

Big rise in brick production

BRICK PRODUCTION rose substantially in March, according to provisional figures from the Department of the Environment.

The Department estimates that output last month reached 425,000 bricks against 359,000 in the previous month and 418,000 a year earlier. At the same time, deliveries rose from the February total of 304,000 to 411,000, reflecting the seasonal upturn in work. A year earlier, deliveries reached 403,000.

Stocks at the end of March stood at 773,000, an increase of 14,000 from the previous month and equivalent to about eight weeks' current production. In March 1978, stocks totalled 1.02m.

The department says that brick production in the first three months of the year was eight per cent down on the previous quarter and seven per cent below the level achieved a year earlier.

£10m canal works start in South Yorkshire

BY LYNTON McLAIN, INDUSTRIAL STAFF

WORK TO improve the Sheffield and South Yorkshire Navigation started near Mexborough yesterday when Mr. Peter Shore, the Environment Secretary, drove the first pile in a programme of channel improvements.

The £10m scheme—the first substantial investment in Britain's canals for more than 50 years — was given the go-ahead in September.

This was four years after the British Waterways Board, which owns the canal, gained Parliamentary approval for the work.

The improvement is designed to enable barges of up to 400 tonnes to reach Rotherham from the sea; the present maximum is 90 tonnes. The improvements are designed also to allow barges up to 700 tonnes to reach Doncaster.

But in May 1976—over three years before it gave the go-ahead—the Government said it could not commit resources to the project. Mr. Denis Howell, Minister of State for the Environment, said it was a "high risk investment because there were no firm undertakings to use the improved canal."

Mr. Shore approved the project last year, six months after the Government was criticised for its "dilatoriness." MPs on the House of Commons nationalised industry committee said the delay had increased the cost of the scheme enormously and had destroyed confidence.

They said the scheme could be justified "purely in its own right." But the Government has insisted that the progress of the scheme should be monitored.

The British Waterways Board is confident that the scheme will reverse the decline in traffic on this canal. The Board has already identified 1.5m tonnes of extra freight that may be carried on the improved canal after bends and bridges have been removed and locks improved.

Record price for Goya etching

SALEROOM

BY ANTONY THORNCROFT

A FINE impression of a rare Goya etching, "A Bull attacked by Dogs," sold for £30,000, plus the 10.8 per cent buyer's premium and VAT, at Christie's Old Master print auction yesterday. It was an auction record for a Goya etching. Only eight other impressions are known.

A Goya lithograph from the same "Bulls of Bordeaux" series, "Bullfight in a Divided Ring," realised £18,000, to Stanley Johnson, a Chicago dealer. Another Goya lithograph, "A Young Woman in a Trance," was bought by Mulder, a London dealer, for £15,000.

An impression of Pieter Breughel the Elder's rare etching "Landscape with the Rabbit Hunters," dated 1571, went to David Runick, the New York dealer, for £17,000. This was a record for a Breughel etching. The sale totalled £277,060, with 3 per cent unsold.

A mid-15th-century Oriental miniature from Herat, brought into Sotheby's in an old envelope by a client with no idea of its value, sold for £30,000, plus the 10.8 per cent buyer's premium and VAT. The second day of a week of Islamic sales brought in £300,000.

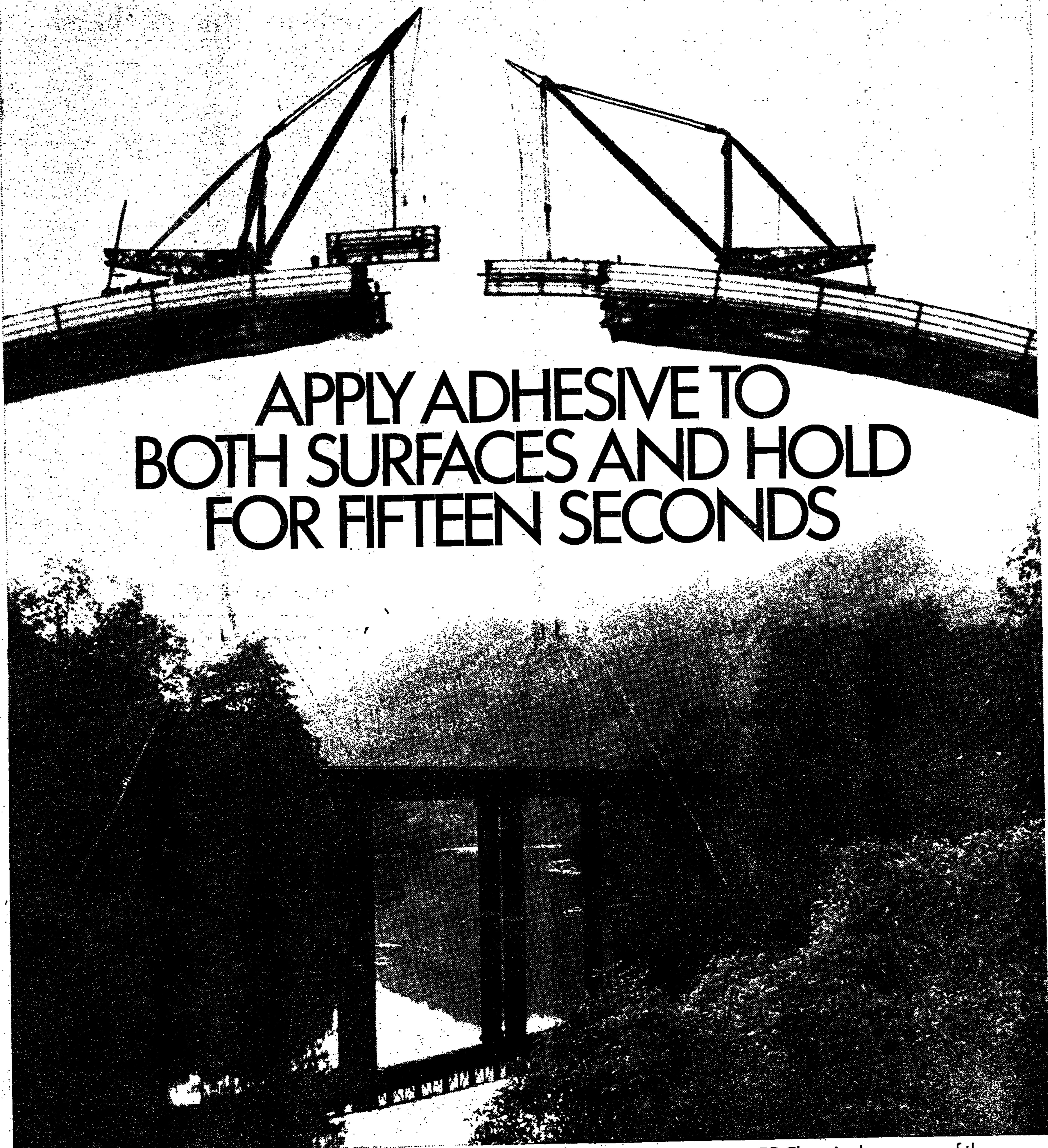
Other high prices in the morning session were £5,200 from Spinks for an early 17th-century Indian miniature of a maiden leading a gazelle, and £4,200 for a mid-18th-century portrait of a Mughal officer on a horse.

In the afternoon the effects of the Iranian revolution were obvious in the prices for Qajar paintings and lacquer work, with the top lot, a lacquer pen box, failing to find a buyer.

A Qajar Qur'an with lacquer binding of 1838 made £14,000 below its forecast, to a French private collector. It is possible that European buyers may step in to replace Iranian collectors, but at lower price levels.

A sale of arms at Sotheby's totalled £157,000. A Lincolnshire dealer, Elderkin, paid the top price, £11,000, for a pair of sporting guns by Purdey, while Whitley, an Irish dealer acquired a pair of flintlock holster pistols by Turvey of London, c 1830, for £8,800.

A Louis XIII bronze naval cannon with a barrel of 115 in was bought by an American dealer for £8,000, and a similar dating from the reign of Louis XIV sold for £7,200. Both were recovered from the wreck of the *Association* and were captured by the British at the siege of Toulon in 1707. They sold at Sotheby's 10 years ago for £3,000 each.



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Replacing rivets and bolts with a super glue may seem a little far-fetched. At the moment. But already adhesives are moving into direct competition with traditional methods of joining materials, even in aircraft and car production. Larger structures could be next.

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Optimism on town's jobs outlook

MORE THAN 7,000 new jobs will be created in Peterborough in the next three years, Sir Christopher Higgins, chairman of the Peterborough Development Corporation, said yesterday. It was expected there would be 2,000 new jobs this year, 2,400 in 1980 and 3,000 in 1981.

Sir Christopher said that well over half of the jobs were already guaranteed by the building of a new £25m regional shopping complex, by the setting up of new organisations and by several company expansion schemes.

"The rest will be created by firms coming to occupy factories and offices completed during the three-year period. But even these figures do not take into account the further automatic growth which will take place in service trades, nor the growth of the established firms which can be expected. The employment picture for Peterborough, far from being gloomy, is full of bright promise." The corporation is administering the Government extension scheme for Peterborough.

Respirator approved

THE Health and Safety Executive has approved the 3M 8800 disposable respirator for use against asbestos dust.

It weighs less than one ounce and can be used in atmospheres containing either "white" or "blue" asbestos.

Flood appeal

AN APPEAL for funds, launched in York after serious flooding in the city in January, has raised more than £100,000 and helped repair about 400 homes.

Bus services 'losing millions'

BY LYNTON McLAIN

BRITAIN'S local bus services are losing millions of pounds a year because of town congestion, the National Bus Company said yesterday.

Mr. Peter Hunt, general manager of the Hants and Dorset Motor Services subsidiary of the state-owned bus company, said many counties ignored the needs of bus users and passengers faced "stark prospects."

He said at a traffic exhibition in Brighton that cars were often seen as the only solution to traffic problems.

Improvements are possible, however, through the National Bus Company's project for analysing problem areas. This was launched last year and has already shown scope for up to £100,000 savings each year in a single area.

Average bus speeds between stops have been recorded and areas of "very slow peak hour" movement identified.

The company has used the data with local authorities to plan traffic improvement schemes. These may result in smaller bus fleets, fuel savings and reduced overtime.

Mr. Hunt said: "It is vital that all local authorities start talking brass tacks with bus operators based on this new data."

The project had been finished in 70 areas, but would eventually cover all the National Bus Company's operations in England and Wales.

The prospect of savings from reduced congestion in towns came a month after the Lorries and the Environment Committee issued a report which said that £110m a year could be saved by cutting delays in street deliveries. The report also said that total high street distribution costs could be halved if companies combined deliveries.

Road federation claims 350 towns face 20-year wait for by-passes

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

MORE THAN 350 towns and villages with plans for a by-pass are likely to be kept waiting for work to start for at least another 20 years, according to the British Road Federation.

The federation, in a report published yesterday, says that the Government's freeze on road spending, coupled with serious underspending of the budget voted by Parliament, means that thousands of people will continue to be subjected to excessive dirt, noise and vibration from heavy traffic.

The £300m shortfall in spending in the past three years would itself have paid for "an impressive number" of outstanding schemes.

According to the federation, there are 533 named by-pass schemes at some stage of planning, of which only 178 will be built under present Government strategy up to 1990.

The result was that towns like Dorchester, Selby, Tarporley (Cheshire), Warminster (Wiltshire), and Conwy (North Wales) would have to wait longer for relief.

Instead of providing the resources necessary for dealing with the 22 per cent increase in car ownership in the past decade, the Government was switching its resources into subsidies for the railways.

The report also draws attention to a series of before-and-after studies of by-pass building carried out by the Government's Transport and Road Research Laboratory.

These show that the by-passing of three villages on the A2 in Kent in 1976 produced an 80 per cent drop in village traffic, a 95 per cent drop in heavy lorry traffic and a huge reduction in noise, by between 13 and 15 decibels.

Before the by-pass, 81 per cent of the people in one village said they had to keep their windows shut. After the new road, the figure was 12 per cent.

Disadvantages noted in the survey were a loss of business for some village shopkeepers, an increase in the speed of traffic, and loss of amenity to those in the area of the new road. There was found to be no registerable change in air pollution at the one by-pass site—Tring, Hertfordshire—where tests results are given.

Pass Me By, BRF, 388-396, Oxford Street, London, W1N 9HE.

Seat design 'causes back trouble'

POORLY-DESIGNED car seats have been blamed for drivers' back troubles, writes Lisa Wood.

The Automobile Association says a man who spends more than half his working day in a driving seat is three times more likely to suffer back trouble than the average worker.

The AA says the only solution is improved seat design. With the Backpain Association, it has sponsored preliminary research to design a comfortable, orthopaedically-approved driving seat.

Dr. Bernard Watkin, a London orthopaedic specialist, says in the article that vehicle manufacturers have not done enough to provide adequate lumbar support and cushion shape.

He believes that second-hand cars are worse than new vehicles because the seats show defects from age long before many parts of the car.

Drive magazine tested six back aids to see whether posture could be improved in new car seats and counter deformation in used cars.

But Dr. John Teall, medical officer on the London-Mexico and London-Sdyney car rallies, told Drive: "None would help to overcome the effects of deterioration, and only two would do the job they're supposed to for new car seats."

Worst-rated of new cars by the magazine was the Chrysler Avenger, where seats could be "orthopaedically harmful," according to Dr. Watkin.

AA warns of hidden costs in new cars

BY LISA WOOD

MOTORISTS ARE warned today to beware of the hidden costs of a new car.

The Automobile Association, in its magazine Drive, claims that: "Only one in eight British car manufacturers and importers is even remotely forthcoming about the real costs of its new models."

While advertisements could boast a cost of £2,500 for a car, the *final on-the-road price* of a small family car usually rose by up to £120 with essential extras—road tax, delivery charges and number plates.

The problem, says Drive is that, in newspaper and magazine advertisements, and sometimes in dealers' price lists, the "extras" are in very small print.

The situation seems unlikely to change, says the AA, particularly as a Society of Motor Manufacturers and Traders' group, working on a uniform, all-inclusive pricing system, has been disbanded.

Delivery charges, often unspecified, can add between £45 and £70 to the bill, and number plates can cost between £6 and £16.

The magazine has started a regular feature which will provide would-be buyers with a complete on-the-road price guide for new cars.

Police chief appeals for co-operation

NEIGHBOURHOODS — not governments—can win the war on crime says Devon and Cornwall Chief Constable, Mr. John Alderson.

Mr. Alderson, who launched a do-it-yourself crime prevention campaign last year—Neighbourhoods Against Burglary, says people must get out of the habit of waiting for governments or the courts to solve Britain's problems.

"We must resurrect personal responsibility in communities and go into the 80s prepared to bring about a change, he says.

Radical measures, he says, are needed for policing modern society. "The police are often only the scapegoats for the inability of society to make easy adjustments to ease social tension in the same way that the immigrant may be made the scapegoat for what indigenous groups don't like about their own society."

● Crime in the Glasgow-based Strathclyde region has dropped sharply in the past year. Cases of reported crime dropped by more than 12 per cent—a fall of 22,000, says Chief Constable Mr. Pat Hamill in his annual report.

"Preventable" categories of crime like house-breaking and attempted house-breaking, fell by 22 per cent.

£10m panels for U.S. towers

ATLAS TURNER INC., a Canadian subsidiary of Turner and Newall, has been awarded a five-year contract worth C$23m (£10m) for asbestos cement panels for cooling towers at power stations in the U.S. The contract has been placed by Research Cottrell Inc. of New Jersey and deliveries should begin in August.

★

The Scottish Special Housing Association has awarded a contract valued at £732,000 to UNIT CONSTRUCTION COMPANY for the alteration and modernisation of 86 flats at Powfoot Street/Beattock Street, Parkhead, Glasgow. Work involves some alteration to apartment sizes to produce 92 flat units. Unit Construction has also received a £75,000 contract for the modernisation of 12 houses at Wyndford Drive, Maryhill, from the Scottish Special Housing Association.

★

The Science Research Council has placed a contract worth £750,000 with INTERNATIONAL COMPUTERS for a 2960 computer. It will provide support for the £60m international infrared astronomy satellite project (IRAS) and serve space research scientists engaged on the project in the U.S., Holland and the UK by means of intercontinental lines.

★

A contract worth £250,000 has been awarded to UK CONSTRUCTION AND ENGINEERING by Crawford and Russell International. The contract is for the erection of pipework and plant at the BP chemicals factory at Barry, South Wales, for their Nitrile rubber plant.

★

The Central Electricity Generating Board has placed an order worth over £150,000 with VICKERS design and projects division at Eastleigh for 11kV main generator connections for the new CEGB gas turbine generation station at Cowes, Isle of Wight.

Bagging the housewife vote

BY ELINOR GOODMAN

MRS. THATCHER yesterday went all out for the housewife's vote in the Labour stronghold of Yorkshire, with a whistle-stop demonstration of her skills as grocer's daughter, model shopper and politician.

It culminated in a highly photogenic illustration of the way Labour had reduced the buying power of the pound, which obviously struck a sympathetic note among some women observers.

Though some women claimed to be sceptical about any politician's ability to do anything, others bore out the pollster's finding that many working class women have still not decided how to vote.

Discounting the usual cries of "Isn't she beautiful" and "Hasn't she got a lovely skin," there was also some evidence that the Conservative organisers may be right in thinking they will win some traditional Labour women voters.

Several older women admitted to be considering deserting Labour for the first time—though it was not clear whether their resolve would last until May 3.

Standing on the steps of the Conservative offices in Halifax, Mrs. Thatcher held up two shopping bags—one blue and bulging; the other red and shrivelled.

The blue "Tory bag," she claimed, contained all the food which could have been bought for a pound when the Tories left office in 1974—including a giant package of cornflakes, a large loaf and a generous bar of chocolate.

The battered red "Labour bag" was only half full. With its miniature packet of cereal and pathetically small chocolate bar nestling among a collection of other shrunken packs, it represented, according to Mrs. Thatcher, all that could be bought for a pound today.

She ignored the facts which did not suit her message—such as the explosion in world commodity prices, and the increases stemming from Britain's EEC membership.

As in 1970, when Mr. Heath made his rash promise to cut prices "at a stroke," the Conservative strategists are obviously aware of the mileage to be gained from going after the woman voters.

But Mrs. Thatcher, showing that she is certainly not going to repeat any of Mr. Heath's mistakes before she even gets to office, was not making any promises yesterday about the future rate of inflation.

In all, Mrs. Thatcher made three appearances yesterday in Yorkshire marginal seats—a rather wet walk-about in Sowerby constituency, the speech in Halifax and a visit to a vast modern supermarket which allowed her to vent both her belief in competition and her skill as a discerning shopper.

Her only slight tactical mistake, perhaps, was admitting in front of the camera that the coffee was cheaper at the superstore than at the local shop which she always says she is so fond of.

But since she is so insistent that she will be moving to Downing Street next month, she may not be so concerned about keeping on the right side of her local Chelsea grocer.

Clarke cossets middle England

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

KENNETH CLARKE almost runs from door to door around the Abbey Park estate in his Rushcliffe constituency. His canvassers have gone ahead of him: "Your Conservative candidate is coming. Would you like a word with him?"

Some voters hide shyly behind the half-open doors; others stand aggressively in their neat, open-plan gardens. But nearly all are glad to see him and, for his part, he has a soft word even for those for whom voting Conservative is clearly anathema.

Clarke has no real need to rush around as there is no way he is going to lose. If his majority of 14,943 were to disappear, one hesitates to think what sort of England would ensue.

His supporters would probably bury themselves in the constituency's pit or jump off one of the cooling towers on the Ratcliffe power station.

This is middle England, geographically and in its values. Rushcliffe itself is really part of suburban Nottingham, where the new estates have been added to the pre-war detached houses and where, a little further on, the gardens merge into fields and the fields become farms, the odd village here and there breaking the landscape.

It may be Conservative England but there are sufficient pockets of industry for the Labour candidate to poll respectably into five figures and for the Liberal to be not far behind. Clarke, despite his huge majority, is wise not to take things too much for granted.

But that is not what pushes this 39-year-old barrister who was brought up in Nottingham and went from the high school to Cambridge.

What motivates him is the fact that if he does not set an example, a constituency party with such a majority could easily fall apart.

He recollects, with some perturbation, the South Coast constituency with a similar majority and make-up which, when a by-election arose, was found to have a non-existent organisation. It could happen in Rushcliffe—his majority is so secure that party workers are drafted in to neighbouring Beeston to help the ultra-marginal seat—but he is determined to prevent it.

One other factor motivates him: Between the two 1974 elections his majority dropped—from 17,709—and he doesn't like that sort of thing.

Clarke is one of the young men in the party who is going places. He may not be as flamboyant as the Boysons, Biffens and Taylors, but he has already been earmarked for advancement.

In the last Parliament, he was a junior spokesman in the industry team under Sir Keith Joseph, and there is little doubt that he has the ability to climb high up the political ladder.

That ability was recognised early in his career. Elected in 1970, after unsuccessfully contesting rock-solid Labour Mansfield in 1964 and 1966, he was promoted to the Whips' Office in 1972 and spent the rest of the Heath era organising the troops.

In the past two decades, unlike earlier times, many a Cabinet Minister has emerged from the anonymity of the Whips, including Edward Heath, Francis Pym, Ted Short and countless others.

All it needs now is for the electors of Britain to think along the same lines as those of Rushcliffe for Clarke to be given the opportunity eventually of joining an exclsive group.

Nuclear power plants warning

LIBERALS yesterday accused the Labour Government of trying to rig plans for building more fast breeder nuclear reactors.

Mr. David Penhaligon, Liberal candidate for Truro, told the party's press conference that plutonium waste was being stored in such quantities that the inevitable result would be its use as a fuel in more Windscale-type reactors.

Liberals would oppose a nuclear building programme until a waste disposal method had been adequately tested and approved by the public, he said.

A Royal Commission, he suggested, should also be set up to investigate the implications of our plutonium stocks and their future use.

"The widespread storage of plutonium makes the spread of nuclear weapons to Third World countries inevitable and makes the loss to terrorists just a matter of time."

TWO brothers are opposing each other as election candidates at Scunthorpe. Mr. Cyril Nottingham, the town's mayor, has entered the contest for the Democratic Labour Party. His brother Max is to stand as the "Disillusioned Labour, Tory Thank-You No" candidate.

MR. JEREMY FOY, Silly Party candidate in Dover and Deal, says: "My one aim is to take votes from the National Front candidate. There's nothing silly about that."

POLICE were called to a public meeting in Hereford when a woman spotted the letters "IRA" on a briefcase—but the mystery was cleared up by Mr. Ian Adshead, the Labour candidate, whose middle name is Robert.

THE Conservatives will win the election with a majority of 36 seats, Mr. Simon Alexander, a clairvoyant, said yesterday. Mr. Alexander, who used his "vibrations" to produce a detailed election forecast in a pub in Worksop, Nottinghamshire, believes the Tories will win most Labour-held marginals but Labour will regain Ashfield.

Steel sees Tory 'flight to disaster'

CONSERVATIVE economic policy would lead to "appalling inflation," Mr. David Steel, Liberal leader, said last night.

Speaking in St. Andrews, Fife, he gave a warning to the electorate not to let Mrs. Thatcher "hijack Britain on a flight to disaster."

"The most alarming statement of the election campaign so far is Mrs. Thatcher's preference for a pay freeze against a long-term statutory pay policy," he said.

The Tory leader had refused to rule out a freeze but had abandoned all hope of a stable pay policy.

"What this means is that an uncontrolled Tory Government is likely to allow a free-for-all on wages in its first few months, with appalling inflationary effects, and then slam on the brakes with a pay freeze in a useless attempt to contain the damage." Mr. Steel declared.

"We have seen it all before. Both Labour and Tories try to gain votes at elections by abandoning pay policy, only to be forced back into it when in office."

Mr. Steel said: "The way to counter inflation is to encourage the creation and then the sharing of new wealth. Unfortunately, the Tory leader does not understand this and seems to think that a pay policy means a rigid percentage for everybody, regardless of the success of their labours.

"It means nothing of the kind, if she would just take the trouble to find out. Her basic problem is that she never talks to people, she talks at them."

Mrs. Thatcher, had been allowed to hijack the Tory Party on to a new strident and dangerous course. "We need a large band of Liberals backed by a massive vote to ensure that she is not allowed to hijack the new Parliament on a flight to disaster," he said.

Liberals would continue the encouragement of small businesses which they had fostered under the Lib-Lab pact, Mr. Russell Johnston, candidate for Inverness, said last night.

"If Liberals are in a position of influence after the election, we will take this process further because we believe firmly that a much larger small business sector is good for the economy, good for the independence and vigour of society and good for reducing unemployment.'

Mr. Johnston said that the party would like to see the VAT registration threshold raised to £50,000 and the threshold for corporation tax to £100,000.

Emphasis on law

BY PHILIP RAWSTORNE

CONSERVATIVES AND Liberals yesterday focused their election Press conferences on the issue of law and order.

Mr. William Whitelaw, Tory deputy leader, pledged his party to "fresh initiatives" and claimed that the Labour Government had failed to underpin respect for the law.

Lord Wigoder, the Liberal spokesman, said the increase in crime had to be tackled "with vigour and common sense" but he warned against "a blind emotional reaction."

Mr. Whitelaw reiterated the Tory commitment to pay the full pay award to the police at the earliest opportunity.

"We will back those pay rises by a real drive to improve conditions of service and to raise the standing of police in our society." he declared.

The Tories would also act to:

- Toughen the regime in some detention centres as an experiment to give "a short, sharp shock" to violent young thugs:
- Expand the use of attendance centres to deal with hooligans and vandals;
- Allow courts to impose prison sentences of six months to three years on 17-21-year-old offenders;
- Provide magistrates with powers to make residential and secure care orders for young offenders;
- Relieve overcrowding and improve facilities in prisons;
- Encourage shorter prison sentences for less serious crimes while recognising that violent offenders should face long prison terms.

The Liberals, who emphasised that their decision to turn to the law-and-order issue had been made before the Southall riot, also advocated more secure places and attendance centres for young offenders.

Lord Wigoder said: "At the same time, we believe there are a large number of people in prison at the present time for whom more constructive treatment should be made available."

In the short term, Liberals wanted to see more, better paid policemen playing a more active part in the community.

Liberals likely to expel Bailey

BY PAUL TAYLOR

THE WELSH Liberal Party is expected to begin formal moves after the election to expel rebel Liberal Mr. Christopher Bailey.

National and Welsh Liberal Party leaders yesterday expressed shock and annoyance over Mr. Bailey's last minute decision to pull out of the poll in the Prime Minister's Cardiff constituency and urge his supporters to vote Conservative.

The Welsh Liberal Party yesterday issued a statement saying that Mr. Bailey's action was "incompatible with membership." The matter will probable be raised at the next meeting of the party's executive in May when it is likely that formal steps to expel Mr. Bailey will be started.

Mr. Bailey, head of the Cardiff-based Bristol Channel Ship Repairers, should have registered yesterday as the official Liberal candidate in Cardiff South East where Mr. Callaghan is defending a 10,718 majority.

But, following a day of discussions with Mr. Alun Jones, the Conservative candidate, Mr. Bailey failed to register his nomination before the 3 pm deadline on Monday and then issued a statement suggesting that if the Liberals and Conservatives "joined forces" only a 5 per cent swing would be needed to unseat the Prime Minister.

Mr. Bailey recorded 8,006 votes for the Liberals in October, 1974.

Mr. Steel, Liberal leader, yesterday accused Mr. Bailey of "deliberately deceiving" his supporters and warned that his tactics would not work.

The Liberal leader said Mr. Bailey was "more interested in publicity than in serious politics" and said Liberals would be angered by his tactics which had prevented the nomination of a Liberal in the Cardiff constituency.

Mr. Michael Steed, Liberal president, rejected Mr. Bailey's vote Tory plea to his Liberal voters. Mr. Steed said Liberal voters in the constituency, should make up their own minds who to vote for.

There are now five candidates standing in the constituency, including Plaid Cymru, the Communist Party and Miss Pat Arrowsmith, the veteran nuclear disarmament campaigner.

Party strategists were yesterday assessing the likelihood of Liberal voters heeding Mr. Bailey's advice — or taking the more critical advice of Liberal leaders.

Mr. Bailey's move is likely to mean a stepping up of the Tory campaign although local constituency workers said yesterday that they were already working "flat out."

Possibilities being considered by Conservative workers include bringing in additional help from other constituencies and arranging more national speakers.

Privately, Conservative workers believe that Mr. Bailey's support had already crumbled and expect his vote to split two to one in favour of the Tories.

Another key factor affecting the vote in Mr. Callaghan's constituency will be the closure last year of the British Steel Corporation's East Moors works, which resulted in the loss of about 3,500 jobs.

State cash 'cannot secure jobs'

BY PHILIP RAWSTORNE

GOVERNMENT money could not ensure long-term job security, Mr. John Biffen, Tory spokesman on small businesses, said yesterday.

"Government rescue of ailing industrial firms may postpone the day of economic reckoning, but taxpayers' money cannot avoid such a day of reckoning," he said in Birmingham.

It was the pound in the citizen's pocket that was far more likely to generate profitable enterprise and sustain real jobs.

"The pound in the politician's pocket, acquired by taxation, will often be invested by political rather than commercial criteria."

If Prestcold had foundered in Sussex rather than Scotland, the Labour Government's reactions would have been quite different, Mr. Biffen said.

High unemployment was matched in many parts of the country by persistent and acute shortages of labour.

"Jobless we have—but we also have far more unfilled jobs than are known to the authorities, and the labour market is not functioning properly either because of moonlighting, or because social security benefits leave little incentive to work, or because Government pay policies have squeezed differentials."

Wealth creation was the best way to tackle unemployment, he said. "Profit is the dynamo that creates work."

Labour's attack on Tory prices policies was vigorously countered by Mrs. Sally Oppenheim, the party's spokesman on consumer affairs.

Speaking at Ealing, she said that the root cause of inflation had been the Government's "overspending, overborrowing, overtaxing and chronically low levels of productivity."

Treating the symptoms of inflation — rising prices — as Labour proposed would not cure the disease. The Conservatives would not be able to prevent many forthcoming price increases but it would bring inflation under control by cutting out waste, creating incentives for greater productivity and encouraging competition.

Mrs. Oppenheim denied that devaluation of the EEC green pound would result in the price increases predicted by Mr. Callaghan.

ON THE STUMP

Restraint transformed to reliability

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SIR GEOFFREY HOWE, the Conservative shadow chancellor, does not spring to mind as one of your natural hail-fellow-well-met election campaigners. The studious expression, the subdued monotone voice and the relentless use of statistics are hardly calculated to bring the voters flocking in.

All of this probably contributed to the recent RSL opinion poll which set out to discover which members of the shadow Cabinet were best known to the public. Alas, Sir Geoffrey was way down the list with only 16 per cent being able to put a name to his face.

Yet oddly enough his restrained style — which has often been derided at Westminister — turned out to be a major asset on the hustings. Apparently, what is considered dull in the Commons appears to the electorate as a mark of honesty and integrity.

In a tour of marginal seats in Manchester and the North-west yesterday, it was as though the family solicitor had dropped in to give personal advice.

A widow worried about her pension and a woman concerned at the fall in the value of Unit Trust both received his full and sympathetic attention.

The day started inauspiciously with a Press conference in a seedy committee room in the Conservative North-west regional headquarters in Manchester.

The paint was beginning to peel from the ceiling and wires drooped from old light fittings. As one wit observed, it certainly showed that the Conservatives are serious about their promise to cut expenditure.

Certainly, Sir Geoffrey sets himself a gruelling pace on the campaign trail. Once the Press conference was over, a new high-speed Sir Geoffrey suddenly emerged. Speeding up the motorway to Bebington, near Liverpool, he completely lost the Pressmen trying to keep up with him.

This constituency, which he once represented, is now a Labour seat which needs a 4.7 per cent swing to bring it back to the Tories.

Trevor Humphries
Howe chats to regulars in the Blacksmith's Arms

Wearing a "Howe now" button, Sir Geoffrey leapt into a whirl of activity accompanied by the local candidate, Barry Porter, who optimistically introduced him as "the well-known TV personality."

Trotting among the women shoppers, Sir Geoffrey pumped hands and had a ready quip. "You're still young enough to change," he assured a pretty housewife who was one of the few Labour voters they encountered.

A hefty brewery worker emerged from the beer cellar of a pub to assure him that he was all in favour of free enterprise.

At Wallasey, where Mrs. Lynda Chalker is defending a majority of 1,972 for the Tories, he answered questions in a shopping centre and then disappeared into a Marks and Spencer store to have his photograph taken buying a pair of socks.

But Sir Geoffrey did not treat this as just another gimmick. Punctiliously, he searched for his favourite pattern. When he came to pay, there was no price tag on the socks but the cashier accepted his assurance that they cost 75p.

Nice to know that the man who could be the next Chancellor of the Exchequer is such a reliable chap.

Barnett sets price on Tory tax plan

BY IVOR OWEN

IF LABOUR secures a renewed mandate on May 3, Mr. Denis Healey will remain Chancellor of the Exchequer and will introduce his next Budget on Wednesday May 23, the Prime Minister announced yesterday.

He confirmed that it would include proposals to take 1m people out of the tax net by increasing income-tax thresholds, but refused to go further in *lifting the traditional* secrecy that surrounds Budget intentions.

Nevertheless, while declining to say whether Mr. Healey would cut the basic rate of income tax, increase value-added tax *or int*roduce other proposals to produce an increased yield from indirect taxes, the Prime Minister renewed his challenge to Mrs. Margaret Thatcher to explain how a Conservative Chancellor would finance the promised substantial cuts in personal taxation.

In anticipation of a further refusal, he called on Mr. Joel Barnett, Chief Secretary to the Treasury, to supply some of the *missing figures*.

Using a blackboard and easel, Mr. Barnett set out his own calculation of the "expensive truth" behind the Conservative promises to cut personal taxation.

He took account of earlier denials that a Conservative Chancellor would have to double the VAT rate by settling for an additional five percentage points and a unified rate of 13 per cent.

He also assumed that the first Tory Budget would lop 2p off the basic rate of income tax, reduce the maximum rate to 60 per cent, increase the upper thresholds according to proposals by the Confederation of British Industry, and reduce Government borrowing by £1bn.

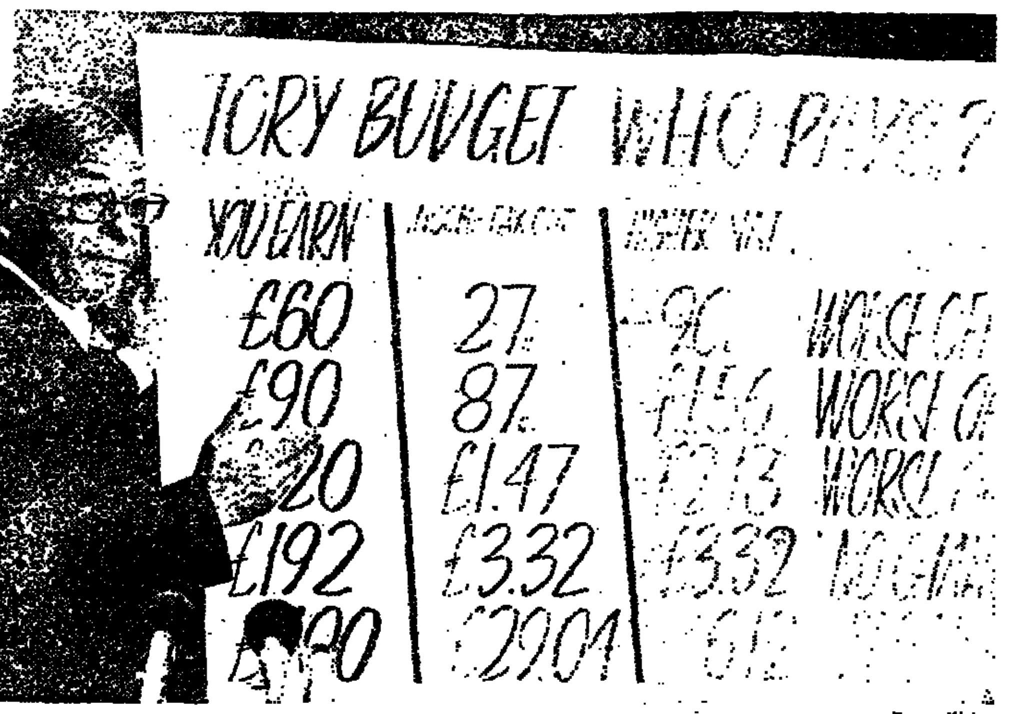
A Budget framed on those lines, Mr. Barnett said, would increase the overall burden of *taxation and result in eight or* nine people in 10 paying more to the Exchequer.

The Conservative increase in VAT, he suggested, would mean dearer clothes, shoes, furniture, tobacco, drink, meals out, cars, telephone bills, radios, TV sets and hi-fi, washing machines, vacuum cleaners, gardening *tools, football matches and a* dearer night out at the pictures.

"You name it, and they'd tax it. And all this on top of their dear food policy."

"It's not just low-paid workers, but all workers, who would get very little indeed from a Tory Budget if one were to be introduced in a month's *time*," Mr. Barnett said.

Emphasising that the concept of a Conservative budget must *be "academic," Mr. Callaghan* maintained that the average family would clearly be worse off in the event of a Conservative victory.



Terry Kirk

Mr. Barnett showing the arithmetic of the Tory plans.

The promised tax cuts were only superficially attractive and *he wondered whether the additional incentives that they were* supposed to provide for the *higher paid would merely mean* an extra day on the golf course.

Commenting later, Sir Geoffrey Howe, who is widely expected to introduce the first Budget of a Thatcher Government, protested that the Transport House version was all wrong.

Although the intention was to switch the emphasis of taxation from earnings to spending, essentials such as food, housing, public transport, fuel, *children's clothes* and shoes would not be affected.

'Free-for-all' in prospect

CONSERVATIVE POLICIES would produce a wages free-for-all leading to a prices-free-for-all, the Prime Minister warned his audience last night in Coventry.

As a result, he said, there would be pitched "battles and chaos next winter as well."

Taking up the theme that dominated the Labour election Press conference earlier, Mr. Callaghan described how Treasury Ministers had costed the Conservative manifesto and found that the Tory tax promises did not add up.

"They are trying to fool people," he declared. "They *cannot pay for their promises.*"

The money was not there, he insisted, and the truth was that Britain could not afford the Conservatives. "They will break their promises or they will break the country."

The vital difference between the two main parties would be demonstrated in the next Labour Budget. Further cuts would be made in income-tax, but at a rate no faster than the country could safely afford.

Mr. Callaghan reaffirmed that a Labour Government would seek moderate wage settlements through the new agreement with the TUC, designed to halve price rises in three years.

The choice that the British people would be asked to make on May 3 would be between conflict with the Conservatives or co-operation with Labour.

PM eschews gimmicks

BY PETER RIDDELL

MR. JAMES CALLAGHAN visited industry yesterday for the first time in the campaign. *He sought to make his* tour around the training school of the British Rail workshops at Wolverton in Buckinghamshire as ostentatiously different as possible from Mrs. Thatcher's well-publicised factory trips. He succeeded only partly.

The Prime Minister tried to give the impression of almost being engaged in a study of industrial strategy: into the virtues of use, skill, training, engineering, all in a nationalised industry.

He talked quietly to the apprentices about what they were learning, then to their *supervisors as one old pro to* another.

His desire to avoid gimmicks was taken further in the BR Veterans' Institute when he pointedly refused the offer of a snooker cue.

He suggested that snooker was a sign of a misspent youth.

The dignity was rather shattered by the presence of 40-50 journalists, photographers and *television crews. None seemed* attracted by a career on the railways, but without them the whole exercise would have been rather pointless—many of the apprentices were too young to vote.

Earlier, during his trip up the M1 to Coventry, Mr. Callaghan addressed an enthusiastic crowd of about 100 in North Hendon. The mood was almost revivalist, as old ladies interrupted the Prime Minister with cries of "Yes, Jim!"

His message was the old Tory cry of One Nation, but he turned it against the Conservatives.

Mr. Callaghan said that the country was emerging from a period having been disfigured by division into two nations.

Breakaway Scot fights for political survival

By Ray Perman, Scottish Correspondent

MR. JIM SILLARS, who first made the Government a minority administration when he broke away from Labour to form his own Scottish Labour Party, *is fighting for* his political life in Ayrshire South.

At the last election he had a majority of 14,000, nearly as much as the aggregate vote of his three opponents. This time, with an official Labour Party *candidate against him, he thinks* the result might go to a recount.

He is fighting the campaign *virtually as an Independent* Socialist and his posters describe him as the "only true Socialist candidate."

In this rural mining constituency, where Labour loyalty goes back to Keir Hardie, he *feels* it necessary to top his election address and begin his speeches with a firm pledge to maintain a Labour Government in power

Beyond that, he says, he will be his own man,

The second MP, Mr. John Robertson (Paisley), joined him and the two resigned the Labour whip. Disaffected Labour supporters flocked to the new party, encouraged by the predictions *of sympathetic journalists*

That euphoria is past. Many supporters have returned to the Labour Party and Mr. Sillars admits that the SLP has little hope of holding Paisley.

His official Labour opponent, Mr. George Foulkes, believed that enough Labour supporters will rally to the Government to enable him to overcome Mr. Sillars's undoubted local popularity and personal charisma.

"*We are not complacent*," Mr. Foulkes said. "Jim Sillars is a powerful organiser and he has been the MP here for nine years—he must have helped a lot of people and made a lot of friends in that time.

"But there is tremendous bitterness in the local constituency party towards him because of the way they heard about the SLP—they read about it in the newspapers.

"*Sillars is really fighting for* his political life and I don't see any future for him in politics if he loses here."

SDLP to seek all-in conference

BY OUR BELFAST CORRESPONDENT

THE SOCIAL Democratic and Labour Party (SDLP), Ulster's main Roman Catholic grouping, said in its manifesto yesterday that it would press for a constitutional conference on Northern Ireland involving the British and Irish Governments and the two communities in the province.

Two Northern Ireland Office representatives were ejected from the launching of the manifesto and termed "Mason's spies." One said later that he had attended to pick up a copy of the manifesto.

Agreed all-Ireland government structures, with an eventual British withdrawal, remain the party's ultimate goal. The SDLP was represented in the last Parliament by Mr. Gerry Fitt, its leader. It will contest nine of the 12 Ulster seats.

After the election, the main objective would be to enlist support for the quadripartite conference and then "begin the process of (British) disengagement," the manifesto said.

The tone of the manifesto reflected much of the frustration *and anger in the party at the* lack of movement towards satisfying the Catholic minority's aspiration for a share in governing the province.

The document was released as arguments raged in the party about the decision of Mr. Austin Currie to go against the party executive and attempt to unseat *Mr. Frank Maguire in* Fermanagh-South Tyrone. Mr. Currie wants to remain in the SDLP but is going forward as an independent SDLP candidate.

Mr. Fitt and the local constituency party have sided with him but he is opposed by the chairman and senior members of the executive.

Pay freeze 'bust-up'

BY IVOR OWEN

IF A Conservative Government introduced a wage freeze there would be "an unholy bust-up", Mr. Michael Foot, deputy leader of the Labour Party, predicted yesterday.

He told listeners to the BBC phone-in programme Election Call that a pay freeze, which Mrs. Margaret Thatcher had refused to discount, would not help to overcome inflation or unemployment.

Mr. Foot interpreted recent speeches by Mrs. Thatcher as a *warning that she intended to* pursue the policies of the last Conservative Government.

He had not realised she was such an enthusiastic admirer of Mr. Edward Heath; perhaps she would make way for him as Prime Minister.

Mr. Alfred Morris, Minister for the Disabled, announced that the Government, if re-elected, would extend the mobility allowance for disabled *people. By the end of the year* 30,000 disabled men and women aged between 60 and 65 would be able to apply for the allowance, which, as announced, would be increased from £10 a week in November.

Mr. David Ennals, Social Services Secretary, in Norwich, continued Labour's attack on Conservative economic policies by predicting that they would lead to "a price explosion of Hiroshima proportions."

He believed that the return of a Tory government would herald a wages explosion to fuel the prices explosion. He accused the Conservatives of advocating a programme that was sure to push up prices quickly.

Conservative claims that eliminating wasteful expenditure might be significant in financing income tax cuts were ridiculed by Mr. Peter Shore, Environment Secretary, in Leicester.

The refusal to explain how it would be possible to find £3bn to £4bn for income tax cuts *and perhaps £1bn more on* defence and law and order had opened up "a vast credibility gap," he said.

The personal touch amid an unusual electorate

BY ANTHONY HARRIS

THE BIG set-piece of any election campaign in Welwyn and Hatfield is the three-party meeting with the United Nations Association, which draws a very vocal audience of up to 600 and is a talking point for days afterwards.

That is enough to show that this is a very unusual constituency: rich in high-technology industries (aircraft, pharmaceuticals, advanced office *equipment, and a big ICI* research centre); and with a thick seam of old-fashioned *Garden City middle-class* idealism in Welwyn Garden City itself.

The voters are intelligent, aware and seriously interested in the election. Polls normally exceed 80 per cent.

This year, the UNA meeting was livelier than usual. The Conservative candidate, Mr. Christopher Murphy, delivered a hearty, Britain-first, aid-cutting speech. He is also vocally in *favour of capital punishment.*

He got heckled and booed. His speech and his full-blooded Right-wing attitudes have not appealed to the middle-class idealists of the constituency, and the Liberal candidate, Mrs. Jane Hurd, claims that her canvass shows that she is gaining support from the *disillusioned of both sides in about* equal proportions.

Some voters clearly find Mr. *Murphy's attitudes appealing*, but he is still an odd choice for this constituency, and as challenger to the Labour incumbent, Mrs. Helene Hayman.

Labour regards Mrs. Hayman, a small, slim and very attractive 30-year-old, as an asset nationally as well as locally. *She is very intelligent* and responsive, an accomplished speaker (President of the Cambridge Union in her teens) and is taking part in national Press conferences, party broadcasts, and even finding time from defending her 520 majority to speak in support of other beleaguered Labour candidates.

Her appeal is in *some* ways similar to that of her constituency neighbour in Stevenage, *Mrs. Shirley* Williams — although a sister or daughter-figure rather than a mother. She is an ideal middle-ground candidate, and had been expecting a middle-ground challenger, possibly a mature one, to show up her *brief* experience.

Mr. Murphy is a slight, *nervous 32-year-old*, who talks a little as if he had been programmed.

The personal factor is, by common consent, in Labour's favour. The experienced Conservative agent, Mr. Tony Lower, concedes that he is fighting an effective majority of something like 1,500 rather than 500, and is relying on the national swing to carry in his candidate.

Local issues are more evenly balanced than local personalities. Labour is working hard to make an issue of the HS 146 aircraft: the subject of Mrs. Hayman's maiden speech and of persistent nagging thereafter until the project was confirmed.

Sir Keith Joseph has written pledging Conservative support *for the aircraft "as long as it* appears commercially viable," but the qualification has not gone down well with aircraft workers. They point out that even the *Boeing 747 took* a decade to show a profit.

Leonard Burt

Mrs. Helene Hayman and her son Benjamin, aged two, catching the voters early.

FOCUS

Welwyn and Hatfield

The sale of council houses, on *the other hand*, is an issue that looks likely to lose Labour more votes that the 146 could win.

Nearly half the voters live in council houses, many taken over from former development corporations. They *are of* an exceptionally high standard, in a constituency which in general *might be designed* to show that "suburban" can mean "beautiful," and many want to buy.

Mrs. Hayman explains that Labour does not oppose sales here, but Mrs. Thatcher is offering better terms.

If the local *issues and* personalities roughly balance, as seem likely, the local bookmakers' *odds on* 4-6 on the Conservatives, 5-4 against Labour, seem quite realistic; but *the really difficult* question is how this particular electorate will respond to the national *issues*. They are thoughtful, argumentative and sometimes unexpected.

One result of an unusually long campaign is an unusually thorough canvass. Mr. Murphy claims, to his opponents' incredulity, that he will have knocked on every door before the campaign is over.

Mrs. Hayman is concentrating more where her support lies, and leaving such commuter fringes as *Brookmans Park* to local workers; as a result, she can devote real effort—as much as a *quarter of an hour*, if necessary—to persuading the waverers.

Using her personal appeal—she gets a smiling welcome even from declared opponents—she gets down to issues.

The defence budget, overseas investment, technical training: serious discussions of difficult points. Some voters actually ask to come to meetings. These voters respond to arguments, not just gut feelings; the rest of the national campaign might produce unexpected results.

As unexpected, perhaps, as the voter with a long catalogue of complaints about politicians *in general: their arrogance*, their inaccessibility.

Mrs. Hayman was stung for *once out of her usual patience*. "Inaccessible? I've been on your blasted doorstep for a quarter of an hour." She turned on her heel, but was called back. "Did you say my blasted doorstep? I'll vote for you, you're human."

October 1974 election: Mrs. H. Hayman (Lab), 23,339; Lord Balniel (C), 22,819; P. H. Robinson (L), 8,418. Majority 520.

1979 candidates: Mrs. H. V. Hayman (Lab); C. P. Y. Murphy *(C); Mrs. J. Hurd* (L); P. Ruddock (Nat Front).

TOMORROW: Bristol.

UK NEWS — LABOUR

Scottish TUC calls for 'defeat of common enemy'

BY CHRISTIAN TYLER, LABOUR EDITOR

THE LEFT AND RIGHT wings of the trade union movement com'/ned in a not entirely uncritical oath of allegiance to Labour yesterday as the General Election campaign moved into its last week.

It was symbolic of that unity that Mr. Mick McGahey, who is chairman of the Communist Party of Great Britain, took the rostrum at the Scottish TUC in Inverness to call for a "massive defeat for the common enemy, the Tory Party."

Mr. McGahey, president of the Scottish Miners, who has always opposed the social contract between the TUC and the Labour Government, was speaking to an emergency motion on the election put up by the STUC General Council.

The STUC has steered clear of controversy this year, to avoid spoiling Labour's chances. But the Government did not escape criticism for its pay policy and Mr. McGahey was one of several speakers who attacked Labour's record.

Mr. McGahey said that one of the reasons advanced for a possible Tory victory was that Labour had not listened sufficiently hard to the trade union movement. A Labour Government would have to respond much more next time.

Another veteran opponent of the social contract to support Labour, was Mr. Ben Rubner, of the Furniture, Timber and Allied Trades Union.

For trade unionists not to work for Labour would be "like cutting off your nose to spite your face" he said.

Mr. Ray Macdonald, Scottish secretary of the Transport Workers, said that Labour's 5 per cent pay limit had been a mistake.

It fell to Mr. Geoffrey Drai, of the white collar union NALGO to make this year's unfashionable attack on free collective bargaining. He said that pay could not be treated in isolation from the rest of the economy and defended the concordat's formula, of a "broad annual economic assessment."

Mr. David Basnett of the General and Municipal Workers, who is chairman of the joint union election campaign delivered a straight forward political attack on the Conservatives whom he said were the real wreckers.

The emergency motion welcoming the concordat and supporting Labour went through without a hand raised against it.

The free collective bargaining motion was carried by a large majority.

AUEW leaders rebuffed

BY ALAN PIKE, LABOUR CORRESPONDENT

RIGHT-WING leaders of the Amalgamated Union of Engineering Workers yesterday suffered a serious rebuff in the power struggle to determine the future shape of the union.

The morning session of the union's engineering section national committee was abandoned after delegates had failed, on a 26 to 26 vote, to endorse a standing orders committee report which would have referred only 15 motions for debate at the conference of the union's four sections, compared with hundreds in previous years. After a long adjournment, the standing orders committee agreed to return to delegates tomorrow with a revised list of motions for the conference.

In theory, the conference should deal with issues of policy common to all four sections. But Mr. Terry Duffy, president, and his right-wing colleagues who dominate the engineering section executive, are at odds with the left-wing TASS (white-collar) and construction sections over the future of the amalgamation, and have decided to downgrade this year's conference. No date for it has yet been fixed, and it has been suggested that it might meet for only one day, instead of the usual week.

A procession of Left-wing delegates—who are evenly balanced with Right-wingers on this year's national committee—went to the rostrum to protest at the proposal to submit only 15 motions to the conference.

Mr. Sid Harraway, Communist chairman of shop stewards at Ford Dagenham, said that the figure of 15 compared with 415 in 1976, 325 in 1977, and 246 last year. The issue was "vitally important to the future of the union." Another Left-winger, Mr. Stan Cole, said that every step being taken was designed to undermine the existing amalgamation and relegate the conference to the level of a farce.

Mr. Duffy replied that leaders of the other three AUEW sections had been invited to discuss arrangements for the conference, and replies were now awaited.

The motions which it had been proposed to submit to the conference were not, in the main, particularly controversial. They covered issues including the timing of the Mayday holiday and a Buy British policy in the helicopter industry. Delegates have already been assured that motions on aerospace and shipbuilding, originally proposed for debate yesterday, are among subjects which will now go to the conference.

Times plans to publish paper in Europe before election

BY PAULINE CLARK, LABOUR STAFF

MANAGEMENT OF The Times said yesterday that it was "planning whatever" to bring out a first edition of its new European weekly before the General Election.

But the extent of the difficulties it will face in producing the new Times-style paper from a Continental base remained uncertain as journalists met to decide whether to obey a union instruction to black the project.

Early in the day all Times journalists asked to come to work were said to have turned up, in spite of the National Union of Journalists instructions.

The journalists had crossed the picket line, set up by the National Graphical Association, outside the Times building. The line is expected by the NGA to be swelled today as members of other print unions join in.

Times management said it remained to be seen whether the NUJ chapel (office branch) would reject the instruction.

The union fears that the planned European project is a short step away from importing the Times back to Britain. But management has said "categorically" that the editions will not be distributed in Britain.

The NGA said, meanwhile, that the International Graphical Federation had asked all affiliated unions not to co-operate in bringing out the paper.

Management denied last night that there had been any suggestion of a compromise on new technology. This followed reports that Mr. Jake Eccleston, chapel father (chairman) had told journalists that a compromise was forthcoming on the issue which closed the Times and the Sunday Times last November on whether journalists should be involved in direct input.

Mr. Denis MacShane, NUJ president, called yesterday for The Times to be taken into public ownership.

At the union's annual conference in Ayr, he accused the newspaper's management of having "miserably failed in their public trust." Mr. Duke Hussey, managing director, Lord Thomson and "all the rest of them" should let The Times be taken into public ownership with editorial control "reposing in the hands of journalists as at Le Monde, in France."

Education cuts warning

MR. LEN MURRAY, general secretary of the TUC, warned teachers yesterday: "The education service has always been one of the main target areas for a government bent on cutting public expenditure."

The most disadvantaged would be the first to be hit, he told a one-day conference at London University on education, training and employment of the 16-18 age group organised by the National Association of Teachers in Further and Higher Education.

"If society denies young people the education and training they require, we will be creating an army of unemployable young people who will turn with vengeance on the society that sacrificed them on the altar of tax cuts for the well paid."

Textile imports attacked

TEXTILE TRADE unions have complained that some companies in the wool textile industry were using cheap imported yarn and cloth from low cost countries.

Some of the materials are known to have come from the Argentine and Far East and union officials saw a direct parallel with the cotton industry.

The annual report of the National Association of Unions in the Textile Trade, based at Bradford, expressed concern at the general level of imports in the past year.

Mr. Fred Dyson, the secretary, said that companies participating in such trade were clearly putting the whole industry at risk for the sake of slightly lower cost goods in the short term.

Although the main problem had been caused by low-cost suppliers, the growing levels of imports from this country's European partners were now becoming a major threat to the viability of the UK industry.

Support for rail pay deal of 12-13%

BRITISH RAIL yesterday edged nearer to agreeing with all three rail unions representing 180,000 workers, on a pay deal of 12 to 13 per cent with higher rises for drivers, top signalmen and signal technicians. It will add £100m to the pay bill.

The offer is acceptable to all but the National Union of Railwaymen, which is meeting today to discuss it. The NUR is dissatisfied with British Rail's offer to consolidate £2 of the £6 supplement from stage one of the present series of pay controls. The train drivers' union, ASLEF, is prepared to support the NUR in this, but its executive sees the offer as broadly acceptable.

The McCarthy rail tribunal sitting after January's national rail strikes last month, proposed increases of 5 per cent per turn for train drivers. In the board's offer, this becomes part of basic rates, giving an extra 4 per cent, or £2.50 a week, to main-line drivers.

To keep peace between ASLEF and the NUR and preserve differentials, about 1,500 top signalmen and signal and telecommunications technicians are offered £2.50 increases on their basic weekly rates.

In return, the unions have agreed to changes in the manning of the new Class 56 freight locomotives and to hold talks designed to include this in existing manning agreements. They also have agreed to an experiment with remote controlled locos on some pit-to-power station freight lines, and to computerised methods of scheduling.

The unions also have agreed to negotiate on formalising the manning of the High Speed Train and extending the agreement to the Advanced Passenger Train running up to 125 mph. Maintenance workers at BR's Glasgow depot lifted their blacking of the APT last week.

British Rail has failed, however to settle the question of railway productivity. Instead it has agreed to consider consolidating more of the £6 supplement in the autumn if concrete progress is made.

The overall offer gives new money increases of 9.35 per cent. Consolidation of the national Business Performance productivity scheme into basic rates pushes the overall deal to 12 to 13 per cent. The London weighting allowance is raised and the age for adult pay lowered from 21 to 18.

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APPOINTMENTS

BAT group and divisional changes

Mr. P. G. M. Best and Mr. B. P. Garraway have been appointed directors of BAT INDUSTRIES.

Mr. Best is to succeed Mr. N. J. M. Bennett as chairman and managing director of the Wiggins Teape Group from May 1. Mr. Garraway, at present finance director of British-American Tobacco Company, the divisional holding company responsible for the BAT Group's tobacco operations, will be taking over by January 1, 1980, financial and certain other responsibilities of Mr. P. W. Longland on the BAT Industries' Board. Mr. Longland's decision not to offer himself for re-election as a director of the company at the next annual meeting in June 1980 has been accepted by the Board.

Following the move of BAT Industries to its new group headquarters at Windsor House, Victoria Street, SW1, and to enable Mr. P. Sheehy, who will continue to be chairman of British-American Tobacco Company, to devote a greater proportion of his time to his responsibilities as a deputy chairman of BAT Industries and to the group's North American interests, Mr. C. H. Stewart Lockhart is to be appointed managing director of British-American Tobacco Company and of the Tobacco Division Board of Management from January 1, 1980.

Mr. E. A. A. Bruell, and Mr. R. V. Olsen are to become directors of British-American Tobacco Company. Mr. Bruell's appointment, which will be on October 15, 1979, follows three years as president of Companhia Souza Cruz, in Brazil. Mr. Olsen, who will succeed Mr. Garraway as finance director of British-American Tobacco Company on October 1, 1979, is finance director with the Wiggins Teape Group, which he joined in 1969. Mr. G. G. Moore will be appointed to the Wiggins Teape Group Board on November 1, 1979 in succession to Mr. Olsen as finance director, a position he has held with British-American Cosmetics for the past nine and a half years. Mr. J. Fulwell succeeds Mr. Moore as finance director, British-American Cosmetics from the beginning of November. Mr. Fulwell's most recent experience with the BAT Group was with Empresas La Moderna in Mexico.

★

Mr. Nelson R. Henry has been appointed president and chief executive officer of EUCLID, INC. in place of Mr. Jack M. Fairbanks, who is retiring on July 1. Mr. Henry was previously with Clark Equipment. Euclid is a subsidiary of Daimler-Benz AG.

★

Mr. Frank Harper-Jones has been appointed chief executive of GORING KERR.

★

Mr. Frank Boiteux has been appointed executive director and has joined the Board of ILIFFE PROMOTIONS. He was previously general manager of the company. Mr. Graeme Sheath, managing director of IPC Consumer Industries Press, has also joined the Board of Iliffe Promotions.

★

Mr. Alister G. McCrae has retired from the Board of the CLYDE PORT AUTHORITY which he chaired from 1966-77. In his place, the Minister for Transport has appointed Mr. William Cuthbert, who is managing director of the Clyde Shipping Company.

★

Mr. F. J. Gleck, Mr. Y. Onda and Mr. S. Hirabayashi have been appointed directors in the London office of DAIWA EUROPE N.V.

★

Mr. David Backhouse, managing director of Dunbar and Co. and Mr. J. H. Colegrave have been appointed to the Board of *W.R.B. COLEGRAVE.*

★

Mr. Russell Giles has been appointed to the Board of BOULTON AND PAUL (JOINERY SALES) as director of field management.

Mr. Cyril Morton

Mr. Cyril Morton has been appointed managing director of *LITTLEWOODS POOLS.*

★

Mr. Donald Johnson, who has recently returned from a secondment to European American Banking Corporation, New York, as an executive vice president, has been appointed an assistant general manager (international), MIDLAND BANK. Mr. Hugh Pattinson has become an assistant general manager (international), Midland Bank. Mr. Brian Crompton has succeeded Mr. Stanley Johnson, who is retiring, as Midland Bank International's senior executive in charge of Middle East operations. He is also a member of the *Board of UBAF Bank*, which is 25 per cent owned by Midland Bank, and director of UBAF Financial Services. Mr. Derek Hogg has recently been appointed Midland Bank International's senior executive in charge of North American operations.

★

Mr. John Raine has retired from partnership with STANCLIFFE TODD AND HODGSON, stockbrokers, because of ill health, but remains with the firm as an associate member. Mr. Alan Bell succeeds Mr. Raine as administration and finance partner. Mr. Andrew Priestley, an associate member, has joined the partnership.

★

Mr. Gerry Bolt will join the Board of MIRROR BOOKS on April 30 as sales director in place of Mr. Ted Dossetter, who has retired because of ill-health. Mr. Bolt has been UK sales manager with Penguin Books for the past two years.

★

Mr. D. C. Hopwood has been appointed a director of BADALEX, a member of the Sale Tilney Group.

★

MINET HOLDINGS states that Mr. Vartkis Boghos, lately general manager of Tugu Insurance, Hong Kong, has been appointed managing director and chief executive of PRESCOT UNDERWRITING AND MANAGEMENT SERVICES and also managing director and chief executive of ST. KATHERINE INSURANCE COMPANY, London.

★

Mr. Peter Shorrock has been appointed manufacturing director of COX AND WRIGHT.

★

Mr. Michael Hall has been appointed sales director of CENTRAL STEELS, a member of the Production Group. He was formerly sales manager.

★

Mr. John A. O'Connell has been elected a director of YOUGHAL CARPETS (HOLDINGS). He is a director of Sunbeam Wolsey, Carrigaline Pottery and other companies.

★

Mr. C. Benlolo has been appointed a director of CORNELL DRESSES.

★

Mr. Roy H. Bunch, manager of the Power Cables Division based at Eastleigh, Hampshire, has been appointed a director of PIRELLI GENERAL CABLE WORKS.

★

Mr. Philip A. G. Seers has been elected a managing director of CREDIT SUISSE FIRST BOSTON. Mr. Paul A. Downey is to become an executive director and will join the bank on May 1. Mr. Downey was previously associated with White Weld and Co. and with Smith Barney Harris Upham and Co. in New York.

★

Mr. Yves Tailleur, head of syndication of the London branch of CREDIT INDUSTRIEL ET COMMERCIAL, will be returning to Paris in May to take up a head office appointment in domestic banking.

★

Mr. Eric G. May has been appointed joint managing *director* and *chief* executive of UDISCO BROKERS, a Frizzell Group subsidiary, from May 8.

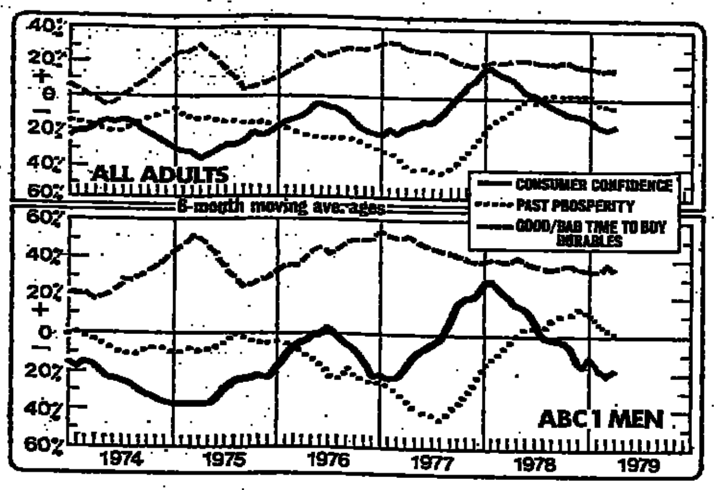
★

Mr. F. D. Rosenkranz has been appointed general manager of BOC SUBOCEAN SERVICES at Waltham Cross, Herts. Mr. I. D. Schofield has become area sales manager, North Sea and Middle East, based in Aberdeen, and Mr. P. R. Roberts has been made manager *Far East*, in Singapore. SubOcean Services, part of Oilfield Services Division of BOC, specialises in the underwater repair of oilfield installations using a dry welding process.

FT SURVEY OF CONSUMER CONFIDENCE

Tories have edge over Labour on prices issue

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT



A CONSERVATIVE Government would have the edge over Labour in dealing with rising prices, according to consumers questioned in the latest Financial Times survey of consumer confidence published today.

In response to a question as to which party would deal best with prices after the election, 30 per cent felt the Conservatives would do better and 26 per cent thought Labour.

But a quarter of consumers surveyed felt that neither party would be able to handle rising prices, and a further 19 per cent were "don't knows."

In addition, 59 per cent felt that conditions would remain unchanged over the next year, implying a considerable number who feel that the election will make little difference to overall conditions and prices.

The results of this latest survey echo those of last September's when consumers were asked the same question about both parties' ability to handle inflation. At that time, a similar proportion — 30 per cent—felt the Tories would do best, while 28 per cent felt Labour could keep prices in check.

Sampling for this month's survey was carried out from a week after the election announcement until just before Easter, and a sample of 996 adults was interviewed.

Women differ

Thus, the survey was conducted before Mr. Roy Hattersley, Prices Secretary announced the Government's intention to strengthen the Price Commission if Labour was returned to power. Even so, the survey suggests that the Labour Party has so far failed to persuade consumers that it is better than the Conservatives in controlling inflation—which is one of the key planks in Labour's election campaign.

Analysis of the prices survey shows that the Conservatives drew most support from consumers in the ABC1 social classification, and from the over 55s. Labour's support on this issue came mainly from the under 35s and from male manual workers. Significantly, however, working class women felt the opposite of men and thought that the Conservatives were more likely to keep prices in check than Labour.

Of the four main geographical regions, only Scotland and the North-East gave a majority to Labour, while the other three regions supported the Conservatives on prices.

In the main section of the survey, the index for future confidence showed a sharp increase for the second month running, and is at the highest since last April. The survey showed that 20 per cent of consumers expected conditions to improve, while 21 per cent expected them to worsen, giving an index of minus 1 per cent. Last month the index stood at minus 13 per cent and, in January, it was minus 27 per cent.

A big increase in the sample, however, was in the proportion of consumers expecting conditions to remain the same—up 8 per cent to 59 per cent. Thus, in the pre-election period, most of those questioned expect no change in conditions, whichever Government is in office.

Increased future confidence by the minority of those surveyed, however, was largely due to a rise in the number of consumers expecting conditions to improve because of a change of government. Mentions of this reason for optimism have increased four-fold since December and is now the main reason, replacing the more nebulous "things must improve" answer.

Prosperity

The main reason for pessimism, is now clearly the issue of rising prices, which is mentioned by nearly twice as many pessimistic consumers as in January.

But the survey also shows that the election is being fought at a time when consumers' feelings of past prosperity is returning to the high levels reached in the middle of last year.

In the survey, about 30 per cent of consumers felt they were better off than a year ago, while 33 per cent thought they were worse off. This gives an index of minus 3 per cent, compared with minus 9 per cent last month and minus 17 per cent in January.

The April survey also shows that *consumers feel that now* is a better time than any in the past six months to buy consumer durables and other "big things for the house." About 48 per cent felt now was a good time to buy, while 24 per cent thought is was not, giving a positive index of 24 per cent. The index has been steady at 17 per cent for the past two months.

Pre-budget spending to avoid paying higher VAT if the Conservatives are returned to power may be the explanation for this increase.

The survey shows a slight rise in those expecting unemployment figures to improve—from 13 per cent to 16 per cent—while the same number this month, 33 per cent, expect it to increase. But about half the survey expect the level of unemployment to remain the same.

The survey was carried out by the British Market Research Bureau for the Financial Times.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● IN THE OFFICE

Machines for the roving executive

TWO NEW dictation machines, with which Dictaphone is seeking to improve its position in the notetaker end of the dictation equipment market, are to be sold via office equipment retailers and stationers as well as by Dictaphone's own sales force.

Model 125 Dictamite, a new pocket dictation machine, uses standard mini-tape cassette with 15 minutes of recording on each side. The designers are providing facilities normally associated only with desk top machines, however.

For example, the user can put cue tones on the tape indicating the presence of special instructions for the typist. Cueing is a push-button operation and the typist hears the tones when running the tape back on her desk machine ready to transcribe.

Tones sound when the end of the tape is approaching—or if the user tries to dictate with no tape. An indicator shows the user that he is in record mode, to prevent unwanted erasure of dictation and a locking button avoids accidental switch-on when the machine is being carried. Another indicator shows the battery state and the machine will not operate if it has run too low. Power is from a nine-volt battery giving five hours of use. An AC mains adaptor can be connected for in-office work and a rechargeable Ni-cad battery and charger are also available.

To record interviews an extension microphone can be plugged in. The machine's automatic volume adjustment compensates for the speaker's movement or background noise.

Dictamite is smaller than usual for pocket dictation machines. It measures 22 mm by 55 mm by 12 mm (0.86 inch by 2.16 inches by 4.80 inches) and weighs only 270 grams (9½ ounces).

Its companion desk top machine — the Model 150 Dictamaster—is equiped either for dictation, or transcription, or both. Only the accessories need changing from microphone to foot pedal and ear set.

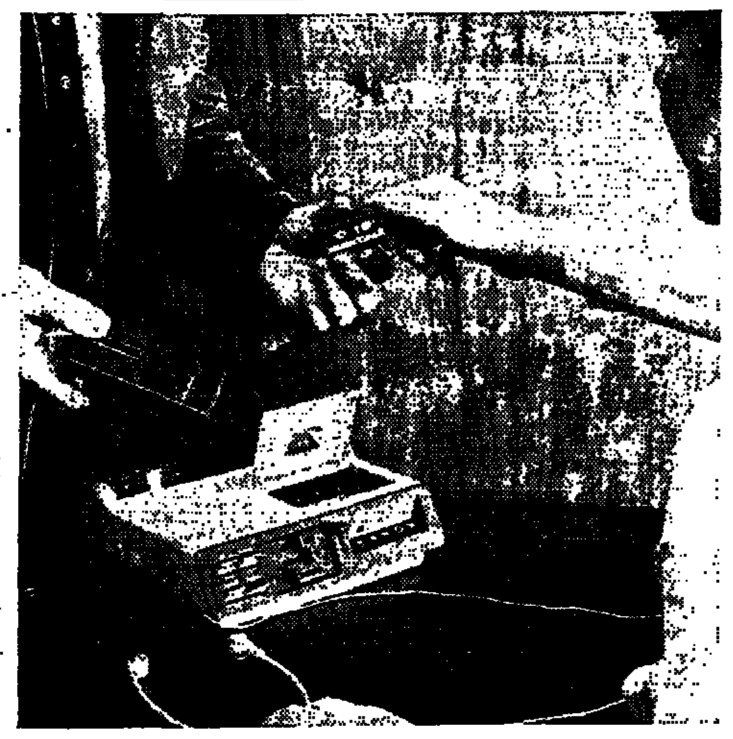
It uses the same standard mini-cassettes and will take cassettes recorded on the Dictamite or any other mini-cassette machine. Similarly, the Dictamite's cassettes can be transcribed on any mini-cassette desk-top machine, although the cue tones will only reproduce on Dictaphone Company's equipment.

Dictamaster has electronic control keys to operate record, rewind, playback, stop and erase. All keys self-cancel when the end of the tape is reached.

Microphone controls are record, rewind, playback, fast forward and cue tone. The machine can be locked in recording mode for "hands free" work or for recording meetings.

Dictamaster, when used for transcription, also has controls for speed, volume and tone of playback.

Dictaphone Co., Alperton House, Bridgewater Road, Wembley, Middlesex. 01-903 1477.



Two new complementary machines from Dictaphone are the hand-held pocket dictator (Dictamite 125) and its companion Dictamaster.

● METALWORKING

Aids the estimator

IN MOST machine shop environments, skilled production engineers and methods engineers are employed to decide how best to manufacture the various piece-parts. Once a method has been decided, the production engineer has to estimate the time and resources required, having regard to the machines and tooling available in his particular shop.

Shop loading and scheduling, product costing and production incentive bonus calculations would require these figures and they would be needed also for simulation purposes—to compare manufacture of the same part on different machines, with different tool tips, or by different methods.

Means of estimating vary considerably, and range all the way from a quick guess based on experience, to fully detailed calculation, which accounts for every manual and machine element required.

Pefac is a system that carries out these calculations with accuracy and consistency. It provides an automatic checklist for the engineer, to make sure that nothing is forgotten, and produces a clear and detailed report at the end which is auditable.

Comprising a suite of computer programmes and tables of data which are being extended to handle an expanding library of operations, Pefac comprises turning and drilling modules, and will soon be extended to include a milling module. Other modules are planned for completion in the near future.

Calculations are from first principles, being based on accepted cutting feeds and speeds, so that results can be readily audited. Should a particular shop have some special local requirement, however, this can be accommodated. This is true whether it concerns special materials, or special tools or machine configurations.

Programmes are written in APL and are interactive. The user sits at a teletypewriter with APL capability, dials into his nearest concentrator over the normal post office network, and obtains immediate access to the system. Pefac is resident on I.P. Sharp's bureau machine in Toronto, Canada, and is continuously available except for a few hours at the weekend.

Power Engineering is at Peal House, 108 Horseferry Road, London SW1P 2EF

● COMPONENTS

Valves get their chips

MULLARD reports that production of thermionic valves at its Blackburn factory has passed the billion mark—and a statistician somewhere in the company calculates that 25,000 tonnes of glass, two million miles of wire, and so on, have been consumed during 80,000 man years of work.

An interesting point, however, is that it has taken 40 years to reach the billion mark for these glass-shrouded active elements. Their counterparts in terms of devices on a silicon chip are nowadays made in a couple of weeks and are all contained on about two dozen three inch slices of silicon which would look lost on the bottom of a tea mug.

The valves, calculates the Mullard mathematician, would cover a football pitch to a depth of about 30 ft.

● ELECTRONICS

Gets the message across

OF INTEREST to advertising and marketing men, the Newscanner Mark 1A is a moving light emitting diode display of two inch high characters in a housing measuring 33 x 5 x 6 inches.

Likely to find application in all kinds of retail outlets, banks, airports, hotels and other public places, the system is programmed from a separate plug-in keyboard to hold and display any message up to 150 words long. The programmer is a simple keyboard device measuring only 12 x 6 x 4 inches, and it is possible to alter individual characters and words on a "hunt and peck" basis until the message is as desired. The keyboard can then be unplugged and used for other displays.

Memory of each display is backed up by a battery supply which will maintain it for up to two hours in the event of mains failure.

Speed at which the message passes the window can be adjusted by the operator and legible viewing at distances to 100 ft or so is claimed under most indoor lighting conditions. Cost of 24-hour operation is less than 2p per day.

More from Newscanner, 102 New Bond Street, London W1 (01-408 1294).

● TEXTILES

Keeps dyes at correct strengths

INCREASINGLY, textile manufacturers are looking for improved systems of dyeing their goods so that minimum energy is required and the least possible effluent is generated, while the reproducibility of effects and finishes, not to mention shade, must be assured.

Machinery for this type of processing on such items as half-hose, pantyhose and stockings, small rugs, knitted shirts, etc., somewhat resembles the tumbler processing seen in dry cleaning establishments. Some machines dye and finish in an aqueous medium, while others use solvents, and there are even versatile machines that use both.

A new rapid-dye, combined dyeing and extracting machine has been developed in West Germany by Adolf Dreher K.G. (British agent: H. R. Carter and Son, 3, Square Street, Wakefield Road, Bradford BD4 7NP. Tel. 0274 28364.) Model 4226 DYA machine is reported to reduce dye cycle times by up to 75 per cent, while the amounts of chemical promoters can be cut by 60 per cent and the amounts of dyestuffs required show savings of up to 25 per cent.

In the machine, between 2.4 to 3.4 gallons of water per pound of goods being processed is used, which compares with 12 to 18 gallons in the older systems. This means appreciable savings in the steam consumed.

The machine scours, dyes and extracts in a single unit and the entire operation is run by a standard programme-controller which can be made to give reproducible conditions whenever a further batch of a particular product has to be processed.

Exact matching of shades from batch to batch and the handle of the eventual finish are ensured, because automatic metering of chemicals and dyestuffs provides identical conditions every time the programme is run.

Dry capacity of the machine is up to 125 lb. in a cylinder of 42 in diameter x 26 in depth. When finally extracting moisture from the goods, the machine runs at 500 rpm and delivers fully extracted goods. Normally there are three dye add tanks and five chemical additive tanks. According to the builders it is possible for a single operative to tend six machines without being unduly loaded.

● RESEARCH

Formation of ice on ships

TESTS, WHICH it is hoped will yield more information on means of combating ice formation on ships and their equipment, are being carried out by British Aerospace. The research is being undertaken in the latter's high altitude and climatic chamber at Weybridge, Surrey.

Using a Seacat missile launcher as the test vehicle, a wide range of temperatures are being investigated, from minus 4 degrees C to minus 30 degrees C and at wind speeds up to 30 knots. The launcher is weighed continuously during the tests to determine the rate of ice accretion and from time to time ice specimens are removed to examine their density.

The climatic chamber is 50 feet long and 25 feet in diameter and is designed for the resting of large items of equipment in any climatic conditions. Blizzards, rain, drizzle, ice, snow or desert heat and jungle humidity can all be simulated, with temperatures ranging from minus 60 degrees to plus 60 degrees C. The pressure in the chamber can be reduced to 1-20th of an atmosphere — or a height of 80,000 feet.

Four fans provide the airflow through the chamber, which normally operates at a speed of 2-3 knots. To obtain speeds up to the 30 knots required for the icing trial, a diaphragm made of coated nylon fabric is placed across the chamber with an 8-foot-square open jet wind tunnel in the centre to channel the air on to the test specimen.

Water droplets mixed with the air upstream of the diaphragm are directed on to the specimen by the air flow. During their flight they become supercooled and, dependent on temperature, will accrete to the specimen on impact, or flow over its surface prior to forming into ice.

The chamber has been used in the past to overcome problems experienced by the electrical transmission, motor and aerospace industries, and is being made available to any industries with requirements for testing equipment of this nature. (Weybridge 45522, Ext. 6255.)

● DATA PROCESSING

Skilled with words

LAUNCHED IN Hanover at the international trade fair by ICL is a development combining the advantages of both word and data processing, the 7700 Information Processing System.

Dataskil originated the equipment which links word and data processing to the mainframe computer within a single terminal.

Basic equipment is two displays with keyboards, two dual floppy disc drives and one correspondence-quality printer. In addition, it has Wordskil Manager, a suite of word processing programs produced by Dataskil, currently available to use on the ICL 1900 series, 2900 DME machines and 2903/4 ranges. Alternatively, the system can use terminal executives available on the ICL 7500 intelligent terminal series.

In stand-alone mode, the 7700 information processor provides text input, editing, storage and printing facilities.

Text and information is stored on the floppy discs, each one holding up to 100 A4 pages. The updating of the stored version of a document during editing is an automatic process. Also it is possible to create a new document using text from a document which will eventually be edited while preserving the original. The 7700 can also queue jobs for background printing while text editing operations go on.

If needed, the 7700 can be interfaced with photo-typesetting devices and can communicate with other 7700s via the mainframe. Access to sensitive documents can be restricted by passwords when necessary.

Printout is at 660 words per minute.

ICL on 01-788 722 at ICL House, Putney, London SW15.

Machine is improved

ENCOURAGED by sales of 12,000 of its mark one machine, with 80 per cent of its sales now going to overseas markets, Nascom Microcomputers of 121 High Street, Berkhamsted, Herts HP4 2DJ (04427 74347) has launched the more powerful mark 2.

This is also based on the Z80 eight bit central processor, orders for which have been placed by the company with Mostek totalling $1.5m.

Housed on a 12 x 8 inch card, the computer has 20k of addressable memory and can run at 1, 2 or 4 MHz. The on-board universally addressable receiver/transmitter (UART) provides serial handling for the on-board cassette interface or for the RS232/20mA teletypewriter interface. The input and output sides of the UART are independently switchable between any of the options.

An expanded 57 key Licon solid state keyboard can be supplied, manufactured specifically for Nascom.

● COMMUNICATION

Speeds the message on its way

DEVELOPED by Automation and Technical Services and offered at a price of less than £9,000, the KM700 store and forward auto-dial equipment for telex messages is microprocessor based and is claimed to offer greater flexibility than mini-based systems "costing several times as much."

It offers the dual facilities of either automatically handling outgoing messages into the telex world network, or distributing incoming messages (or Datel traffic) to any of up to 96 receiving points within an office complex or private network.

Conforming to all the appropriate Post Office requirements, KM700 consists basically of a micro-driven controller, interfaces to four telex lines (expandable to 16), an integral five unit paper tape reader, high speed journal printer and a supervisory visual display unit.

At an additional cost, the company's Vital system can be added—a telegraph-compatible VDU designed as a silent, all electronic alternative to conventional teleprinters, messages can be composed and stored in it, for transmission at the press of a button.

ATS believes the main strength of the equipment lies in its use in small and medium sized organisations when the requirement is to deal with a large number of short messages to be sent to multiple addresses. Shipping, commodity and insurance brokers, warehouse mail order and distribution companies might find the system particularly attractive.

More from ATS Communications, 30 Bridge Road, Haywards Heath, Sussex (0444 52377).

● INSTRUMENTS

Electronic control of viscometer

LATEST DESIGN of the Ferranti-Shirley viscometer has an electronic control unit which allows shear rate to be varied in a precise manner and held at any desired value.

In this way non-Newtonian fluids such as paints, muds, inks, greases and food pastes can be examined over a range of shear values and the results plotted automatically on an associated chart recorder.

Basically a cone and plate instrument in which the sample is placed between the two, the cone rotated and the drag on the plate measured by a torque dynamometer, the unit is able to deal with apparent viscosities within the range 0.01 to 30,000 poise.

The cone can be held to 0.0001 inch and a heating labyrinth cast in the plate maintains the sample temperature constant. Then, speed is proportional to shear rate and drag to shear stress. Results can be plotted in terms of shear stress against shear rate or against time. Rotational speeds up to 1,000 rpm are provided by a dc servomotor.

Notice of Redemption

Philip Morris International Capital N.V.

8½ % Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 1, 1971, under which the above designated Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption through the operation of the Sinking Fund, on June 1, 1979 (the "redemption date") at 100% of the principal amount thereof (the "redemption price"), together with accrued interest to the redemption date, $600,000 principal amount of said Debentures bearing the following distinctive numbers:

$1000 COUPON DEBENTURES BEARING THE PREFIX LETTER M

M 25	884	1727	2650	3402	4439	5407	6406	7269	8092	8787	9716	10563	11564	12581	13483	14529
31	912	1728	2659	3478	4462	5415	6419	7271	8136	8811	9759	10568	11587	12640	13513	14535
36	937	1733	2665	3495	4465	5420	6486	7326	8137	8916	9835	10576	11600	12654	13533	14536
50	953	1739	2667	3502	4479	5434	6492	7337	8138	8917	9849	10611	11601	12676	13559	14545
58	968	1757	2717	3547	4576	5442	6498	7342	8176	8922	9877	10615	11603	12690	13592	14568
90	970	1833	2768	3599	4632	5443	6526	7357	8201	8949	9911	10618	11627	12730	13624	14575
114	973	1853	2830	3627	4658	5502	6550	7373	8202	9058	9937	10626	11649	12764	13780	14589
142	981	1950	2842	3637	4706	5582	6561	7378	8248	9085	9962	10659	11745	12775	13820	14625
158	1003	1980	2844	3638	4714	5595	6639	7388	8254	9110	10000	10709	11800	12802	13847	14650
224	1005	1988	2873	3746	4732	5598	6656	7391	8269	9125	10007	10740	11801	12844	13852	14735
227	1006	2020	2875	3788	4757	5649	6682	7394	8276	9146	10021	10836	11812	12845	13862	14737
238	1007	2043	2876	3873	4766	5705	6729	7439	8308	9262	10022	10851	11822	12877	13870	14751
264	1019	2044	2882	3877	4773	5706	6750	7457	8341	9293	10033	10870	11834	12890	13882	14779
300	1097	2056	2891	3928	4794	5796	6758	7463	8345	9294	10040	10928	11851	12995	13980	14802
360	1120	2068	2911	3932	4820	5808	6771	7482	8370	9309	10061	10952	11873	13013	14022	14813
380	1121	2071	2976	3956	4834	5811	6817	7490	8377	9342	10066	10967	11919	13023	14043	14817
388	1130	2104	2986	4049	4861	5878	6818	7534	8378	9360	10085	10978	11923	13057	14048	14823
400	1134	2196	3023	4051	4915	5910	6820	7546	8400	9361	10110	10992	11941	13065	14095	14840
422	1136	2201	3035	4056	4977	5925	6834	7612	8421	9374	10115	11044	11962	13083	14165	14842
479	1149	2207	3051	4143	4983	5930	6842	7621	8429	9416	10117	11059	12006	13109	14170	14851
522	1170	2252	3114	4169	5010	5938	6868	7682	8452	9417	10147	11087	12007	13110	14236	14916
531	1185	2310	3143	4170	5018	5957	6935	7699	8569	9436	10149	11154	12061	13111	14238	14970
538	1223	2311	3156	4243	5024	5981	6938	7722	8571	9447	10273	11168	12077	13182	14256	14981
573	1263	2324	3180	4248	5048	5989	6944	7747	8580	9457	10289	11185	12110	13228	14290	14994
576	1269	2355	3202	4255	5072	5990	6989	7865	8595	9465	10318	11186	12216	13229	14310	
597	1280	2376	3214	4267	5085	5993	7011	7869	8601	9467	10336	11188	12241	13246	14326	
639	1315	2386	3248	4286	5086	6003	7026	7905	8615	9478	10343	11197	12242	13299	14338	
648	1377	2409	3270	4295	5140	6042	7041	7944	8644	9498	10418	11218	12254	13321	14341	
653	1440	2460	3280	4313	5153	6153	7058	7948	8659	9532	10419	11324	12257	13323	14363	
672	1467	2520	3281	4340	5172	6163	7064	7993	8667	9535	10427	11343	12270	13326	14364	
702	1473	2542	3285	4363	5245	6214	7091	8003	8740	9553	10455	11347	12304	13336	14366	
779	1479	2560	3301	4372	5246	6231	7095	8034	8732	9598	10478	11358	12354	13347	14377	
799	1513	2579	3332	4375	5296	6283	7118	8070	8763	9618	10525	11374	12373	13441	14433	
805	1530	2596	3379	4389	5330	6376	7131	8080	8756	9648	10530	11489	12398	13448	14441	
867	1635	2629	3390	4392	5351	6380	7223	8087	8757	9689	10542	11525	12539	13459	14506	
868	1694	2637	3394	4434	5363	6389	7227	8091	8786	9714	10548	11547	12549	13464	14519	

The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the SBD-Multinational Securities—Bond Windows—2nd Floor of the Trustee, No. 111 Wall Street, in the Borough of Manhattan, The City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris, Citibank (Belgium) S.A. in Brussels and Citibank (Luxembourg) S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City on the redemption date, at the redemption price together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue, and, upon presentation and surrender of the said Debentures with all coupons appertaining thereto maturing after the redemption date, payment will be made at the redemption price out of funds to be deposited with the Trustee. Coupons due June 1, 1979 should be detached and presented for payment in the usual manner.

PHILIP MORRIS INTERNATIONAL CAPITAL N.V.
By: CITIBANK, N.A. as Trustee.

April 25, 1979

FINANCIAL TIMES SURVEY

Wednesday April 25 1979

Personal Financial Planning

For the private investor taxation and the other complexities of the financial world nowadays are such that more guidance than ever is needed. This survey discusses some of the main areas of investment and examines the tax implications for the individual saver.

Keeping up with the game

By Eamonn Fingleton

THE NEXT Chancellor will need a sharp axe, not just to chop tax rates but to hack down the tangle of tax legislation now threatening to choke our financial system.

The complexity and arbitrary nature of the rules probably do as much to undermine confidence in the system as high tax rates.

The system is now so involved that the term "personal financial planning" has become, for many, no more than a euphemism for tax avoidance.

A whole industry has grown up to guide savers through the maze. Thousands of man-hours are devoted to dreaming up ever more artificial devices—and often the choice of underlying assets that your money is invested in is little more than after-thought.

The case for simplifying the system transcends party dividing lines. It is self-evidently wasteful for so many of our best brains in finance, accounting and the law to spend their lives in the sterile task of finding new loopholes every time *the rules change. Meanwhile* many of our most talented people in industry, the arts, sport and entertainment are needlessly distracted from their calling to sift through baffling tax advice which often ties them up in a financial strait-jacket.

It is a vicious circle. Rates as high as 98 per cent on investment income and 83 per cent on earnings are an invitation to avoidance. The higher the rates the more people are prepared to fork out on tax advisers' fees and the more sacrifices they are prepared to make in, for instance, *forgoing* flexibility in their savings strategy. And the more success the tax avoidance industry has in exploiting the widely differing *treatment of various savings* options and different types of income the more the tax base is eroded and the higher rates *have to be* to produce the same amount of revenue.

Among investments which enjoy the taxman's capricious favour are:

● **Houses.** Home ownership is the nearest thing in the investment world to a racing certainty. For decades the net cost of mortgage finance for even a basic rate taxpayer has consistently been less than the rise in house prices. Even for young, mobile people, who, in a better-ordered economy, might be expected to prefer privately rented accommodation, the profits to be made in *home ownership often* dwarf the hefty costs of moving house frequently. There is no capital gains tax to pay, provided you keep your investment to one house, however large, rather than two smaller ones.

● **Pensions.** Contributions to suitable schemes come off your top rate of tax. Pension funds pay no tax on income from their investments—and the advantages of this over the long term *are staggering* (thanks to the magic of compound interest). Businessmen can set up their own one-man pension schemes into which they can transfer their business assets progressively. They thus not only get tax relief on the transfers (which count as premium pay*ments) but they benefit from* tax-free build-up thereafter.

● **Life insurance.** Premiums up to £1,500 or one-sixth of income *paid into* a 10-year plan qualify for a 21 per cent subsidy (17½p for every 82½p of premium). Basic rate taxpayers can wind up their plan after four years without tax penalty. "Greenhouse" plans, flexible open-ended schemes investing in a choice of unit funds, are an effective shelter for the wealthy. Even a millionaire can transfer his money in 10 annual premiums into a greenhouse plan and qualify for a tax subsidy on *part of each year's payment.* His money will build indefinitely paying 37½ per cent on investment income and encashments after 10 years are tax-free. By *adding a few* pounds worth of life insurance cover to any investment, any investor can turn it into a single premium bond: for a 98 per cent taxpayer this will instantly cut his top rate to an effective 78 per cent.

● **National Savings.** The current 18th issue of National Savings Certificates (maximum investment £1,500) pays a return of 8.45 per cent tax-free over five years. The valuable inflation-proofing bonuses paid by the current SAYE scheme (maximum investment £20 a month) and the retirement issue of National Savings Certificates *(maximum investment £700)* are tax-free. Premium Bonds prizes are tax-free and each year they total 5¾ per cent of the funds invested.

● **Gilts.** Capital gains made on gilts held for more than a year are tax-free. Investors paying top rates of tax can get a net return of 4 per cent a year from capital gains alone by buying low-coupon gilts. These stand at a substantial *discount—but, if they are dated* stocks, they will eventually be repaid at par.

The favoured treatment of these investments helps to explain why Britain's tax burden as a proportion of national output is relatively low by world standards. At 37 per cent of GDP, *Britain's total tax and* National Insurance payments were lower than those of all but five of 16 countries in an OECD survey. The highest figure was Sweden's 53 per cent, followed by Norway's 47 per cent. Even Belgium at 43 per cent and Germany at 38 per cent, were higher than Britain.

In the context of a general shift to lower tax rates and to a system where investors were subject to capital gains tax only on real gains, a strong economic case can be made against any favouritism for most of the investments above.

The economic basis for favouring insurance-oriented saving, for instance, is hard to see. If the country wants to encourage life insurance as such the favouritism should be concentrated on term and other pure life policies. In fact the availability of tax relief on savings policies tends to obscure the real purpose of life insurance—because both the industry and the public are mesmerised by the *idea that life insurance is a* tax-efficient savings medium.

Special encouragement for long-term institutional saving is sometimes defended on the grounds that people need the discipline of contractual arrangements to save for their old age. In the case of building *society savers at least,* the theory seems to be disproved by the building socities' ever-growing balances.

One damaging consequence of channelling so much of our savings into life insurance, pensions and other long-term arrangements is that it puts yet *another stumbling block in the* way of young would-be entrepreneurs. Because so much money is locked away, they find it difficult to get the free capital to set up the new businesses a healthy economy needs.

For wealthy relatives and other backers who years ago might have helped a struggling entrepreneur, the game is not worth the candle. Not only will any dividends that accrue if the gamble pays off be taxed to shreds; the business may well be milked dry before it reaches real success, if retained profits are taxed under close company rules. Not surprisingly wealthy aunts these days prefer to do nothing more risky than invest in a greenhouse plan.

Whatever the economic drawbacks of a savings system where the market mechanism is so seriously impeded, the political problems of trying to introduce fiscal neutrality piecemeal are massive.

A long-term solution is, however, in sight in the Meade Report's suggestion last year that the focus of the tax system should be shifted from income to spending. Under the Meade system, anything you save out of income each year would reduce your tax liability—but you would pay tax on the full amount of any savings you drew.

To people used to our present system, it is an alien concept. And the dense language of the report did not help get the message across. But if the transitional problems could be overcome, the Meade system would be not *only fairer and simpler* but could help turn the tide for the British economy.

In the meantime, however, we are stuck with the present system and all its imperfections. So what is the saver to do? He can take it that most of the savings vehicles enjoying the *Inland Revenue's blessing will* continue to do so for many years. Certainly any changes in, for instance, the tax subsidy arrangements for life insurance are unlikely to have much effect on policies already in force.

A good adviser is more important than ever. In the days when personal financial planning was about deciding whether ICI or Marks and Spencer were a better long-term investment, the inspired amateur could aim to do as well as the professional. Now top quality advice is needed not only to *put* you in the *know* about the latest confections from the savings industry but to guide you on the likely Inland Revenue view on a particularly strategy. Remember that the taxman now has power to crack down retrospectively in the case of particularly outrageous tax avoidance schemes.

In practice, a state of armed truce exists between the Inland Revenue and the tax avoidance industry. Provided you stay clear of certain no-go areas well-known to a good adviser, you are unlikely to incur the Revenue's wrath. The Revenue seems to recognise that in a system with rates as high as 98 per cent. devices like life insurance and pensions act as safety valves without which evasion would long since have assumed disastrous proportions and the present drain of tax exiles abroad would have become a torrent.

Now that the object of the exercise for savers is self-preservation the morality of tax avoidance is no longer an issue *on either side. The message is:* when in Dodge City you do not agonise about gunlaw ethics, you just make sure you have a Colt 45.

House Purchase

Mortgage options

FEW INVESTMENTS have done better in the last year than the average suburban *semi.*

A survey by the Nationwide Building Society shows that the price of the average house rose by 27 per cent to £17,520 in the year to March. That represents a gain of £3,725; so every week in the last year the typical house was appreciating by £71.63, free of all tax. And all the time, the householder was saving what he would otherwise have had to pay in rent—up to £35 a week, probably. The typical home *owner, of course, has* a hefty mortgage but even with a full 100 per cent mortgage the interest bill on the average house would have been no more than about £1,500 in the last year—or about £1,000 after tax relief.

The last year, of course, has been an exceptional period for house prices. But the long run trend has been for house prices to keep ahead of the cost-of-living—and there are sound economic reasons for thinking that in the absence of major changes in the *rules* for tax relief the trend will continue.

You usually do even better if *you borrow to finance house* purchase rather than put up the money from your own resources. Even at the present 11¾ per cent, the mortgage rate represents extremely good value for borrowings up to £25,000—for after just basic rate tax relief it reduces to just 7.9 per cent, well below the current rate of inflation.

The big poser for home buyers is what kind of mortgage to choose. The latest figures show that about one-third *of all building* society borrowers last year took out loans which were wholly or partly linked to endowment policies. Endowment mortgages have gained greatly in popularity recently, partly perhaps because building societies now get part if not all of the insurance commission involved. Certainly would-be borrowers find that building society managers often these days promote the endowment idea more heavily than they used to. And with the building society often getting 60 per cent of the first year's endowment *premiums, the reason* is not hard to see.

The endowment method involves the borrower in funding a policy which will eventually build up a maturity *value equal* to or more than the loan. In the meantime, the borrower pays interest only on the loan.

With the ordinary building society repayment loan, the borrower's payments go towards not only meeting the interest but clearing some of the capital.

To compare the two systems you need to look at costs net of tax relief in each case. The problem with the repayment method *is that the net cost* starts out low but rises later—and in the last few years of a 25-year amounts to about 1½ times the initial cost.

A further complication is that with most of the endowment varieties, there is some "profit" at the end for the borrower—*because* the endowment proceeds will more than cover the loan.

Complication

Another complication is that the endowment method throws in life cover for free. To make *comparisons fair,* therefore, the cost of a mortgage protection policy has to be included in the bill for the repayment method.

The net cost of the repayment method *usually starts out* at least 10 per cent lower than the best of the endowment methods. And if the term is 25 years it is usually at least 10 years before the cost of the repayment method for the basic rate taxpayer has risen to equal the cheapest endowments.

The conundrum that savings experts nave for years been wrestling with is whether the saving you make early on with the repayment method is worth more than the *advantages later* to the endowment system.

The best way you can make a rigid comparison is with discounting techniques—that is techniques to take account of the falling value of money over the term. The point is that £1 in 25 years' time, for instance, *is worth* only 10p in today's money, if inflation averages 10 per cent.

A recent analysis showed that for a 33 per cent taxpayer, the net real cost of a *£10,000* 25-year repayment loan totalled £7,750 assuming inflation averaging 10 per cent a year and an interest rate of 9¾ per cent. The cost of a good low-cost plan on the same basis was £7,660. So there is very little in it. And first-time buyers who find a mortgage a particular burden in the early years would probably find that the repayment method was on balance the better bet.

For a 60 per cent taxpayer, however, the analysis showed that the advantage of the endowment method is significant. The total net real cost for him *worked out at only* £5,120 in the case of the low-cost endowment method, a saving of more than £500 compared to the repayment method.

If the figures were reworked to take account of the present 11¾ per cent *mortgage rate*, the comparison would be improved slightly for the repayment method—but the appeal of the low-cost endowment method would remain strong for high rate taxpayers.

Sedgwick Forbes, the top insurance brokers, pointed out in a recent newsletter that for a well-off borrower the return he gets on his savings should come into the calculations. The point is that if the borrower opts for thte repayment method he will have to achieve a net return on the savings he makes in the early years of 14 per cent to match the benefits he gets from the endowment method later on.

Sedgwick Forbes added that the ultimate criterion in the comparison is whether the net return you get from investing in an endowment policy is *greater than the net cost of borrowing from the building* society. If it is, the endowment method represents an advantage.

But even this is not the whole story. By taking out a repayment mortgage, the borrower may be able to afford a better house thanks to the lower net cost early on. That may not only suit him in terms of his housing needs but may have financial advantages as well: for he will be in line for a larger *profit when he sells, assuming* house prices rise by the same he achieves the same percentage rise as he would have done with the cheaper house.

Eamonn Fingleton

Capital Transfer Tax

Largely a matter of life and death

THE KEY to understanding Capital Transfer Tax (CTT) is that it is intended to cover not just the transfer of cash and assets out of an estate on death but all transfers during life as well.

Thus, although there is at present a £25,000 threshold—which the Tories have promised to raise—below which no tax is payable, if you have given away part of that estate during your life that amount will be deducted from the tax-free residue on your death. In other words, if you have given away £10,000 during your life, only £15,000 of the estate's value on your death will be exempt from tax.

It is for this reason that CTT planning must begin early in life and not just when death begins to loom as an inevitability.

There are two good reasons for this. First, transfers during life are taxed at a lower rate than at death, and in the second place there are important annual exemptions on certain types of gift which both reduce the overall size of the estate on death and are themselves tax-free.

In addition, although transfers between husband and wife are permanently exempt, both during life and on death, the death of the surviving spouse triggers off a liability to tax which can be significantly reduced if plans have been well laid early enough.

For instance, if a husband leaves his entire estate of, say, £100,000 to his wife, on her death there would be a CTT liability of £23,750 to pay. But if the estate had been divided between husband and wife during his life and each part bequeathed to the children, on his death there would be only £4,750 to pay on his £50,000, with a similar amount due on her estate when she dies.

Such planning, of course, while the most tax-effective, must be evaluated against the real needs of the family. If the wife can live comfortably on £50,000 plus the support of the children, all is well. Otherwise it may be more prudent for the husband to bequeath her the entire £100,000 despite the heavy tax to pay on her death.

Meanwhile, gifts to other individuals during life, should be planned to take *maximum* advantage of the important exemptions. There are six of these.

All gifts out of normal income which you can well afford—that is, which do not reduce your standard of living—are tax-free. This exemption would cover gifts to organisations, tips, Christmas presents within reason, life assurance premiums, etc.

Transfers of property for the maintenance or education of children, dependent relatives, step-children and adopted children are also exempt.

Gifts to charities and political parties during one's life are wholly tax-free. On death, only gifts above £100,000 incur tax. *Gifts to museums and the* National Trust are completely exempt without limit even at death.

Transfers of farmland, woodlands and private businesses or interests in them qualify for considerable relief by way of a 50 per cent discount on the value of the asset, or by way of deferment of the tax payable until the asset transferred is sold by the beneficiary.

Marriage

Finally, there are individual gifts. Each spouse may give away up to £2,000 per year to anyone without that being added to the total of lifetime gifts. That allowance can be rolled over for one year but no further. So if you did not give away anything last year you may give away £4,000 this, but if this year you give away only £3,000, the remaining £1,000 allowance evaporates.

Each may also give £100 a time to any number of different individuals he or she chooses in any given year.

The occasion of a marriage is also blessed by the Inland Revenue. Father and mother may each give £5,000 to the couple, who if they are lucky enough to have all their parents surviving could reap £20,000. Grandparents may each give £2,500 and other friends or relatives may add to the nest egg to the tune of £1,000 apiece.

Where it is clear that one's estate will be worth more than £25,000 at death—and even the small house, car and savings of relatively modest earners would normally exceed this level—these annual exemptions are important ways to transfer tax-free assets or cash which would in the normal event accrue to the beneficiaries on death but after tax had been paid.

The advantages of transferring early apply even more to assets which are likely to increase in value over time. Even where all the allowances have been absorbed it would pay to give one's children the family heirlooms now and pay tax on their current value than make them wait until your death when the value will probably have soared. There is also a case for transferring such items not to one's children but to one's grandchildren, or even further down the family line if possible so as to delay the date when they must be included in a new estate at a later revaluation.

April has proved a beneficial month where insurance policies are concerned. From that date premiums are paid net of tax relief. Under the CTT rules if a suitable life contract is taken out for a child the maturity value is free of CTT, which applies only to the premium. That is, the parent gifts the child the premium rather than the maturity value. In the past the child, because it did not pay income tax, could not claim back the tax relief on the premium. But now the parent pays the premium net, and the gift is thereby lower in value while producing the same benefit.

Such policies must run for a minimum of 10 years to qualify for CTT relief, so parents wishing to give their children a cash sum at 21 must start paying premiums by the time they have reached 10.

A scheme recently devised by Property Growth Assurance also uses the life assurance route to CTT mitigation. The scheme comprises a term insurance policy, providing life cover and an endowment bond which has no insurance element. The two elements are equal in value and on death the life policies' proceeds are paid to the family while the proceeds of the bond go to the insurance company.

The key to the CTT benefits is that the life cover is made up out of a number of mini-policies of £500 apiece. These policies can be gradually assigned to one's children at their current value during the period of the scheme.

For instance, if you take out life cover of £100,000 in 200 policies at age 40, each policy would have an actuarial value of £95 or so at the beginning of the period. Since under CTT limits you could give away £2,100 to one individual each year, you could assign 21 policies to your children per year and over the entire period could expect to transfer the entire £100,000 free of CTT.

One weakness of the scheme is that if the investor survives forty years the term insurance expires and the bond becomes payable. At that point it becomes subject to both CTT and high rate income tax.

CTT bites particularly savagely on small businessmen, for all the fact that it applies at half rate. One way to withdraw as much from the business during life—thus reducing its value without jeopardising the prosperity of the firm—is through a self-administered executive pension scheme.

Such schemes are subject to investigation by the Inland Revenue which checks to see that the sums paid out by way of pension are not simply excuses to sink capital into frivolities such as yachts on the Mediterranean. However, if the money is invested in serious objects, such as the business itself, the schemes are usually passed.

The concept runs as follows. The business pays the executive a generous pension plan to which the executive stands as trustee. The contributions from the business qualify against corporation tax. The pension is taxed as earned income. Lump sums are tax-free.

A proportion of the lump sum can be invested back in the business most usefully through a sale and leaseback arrangement. Under this the pension fund buys property or plant which the business then leases back. The rental is again offsettable against the company's tax while the rental income to the pension fund is tax-free.

Finally, at death, the assets of the pension fund are not subject to CTT because the fund does not expire on death. A simple change of trustee means that the benefits pass to the new beneficiary, child or relative.

In an article of this nature it is not possible to range over the full choice of CTT schemes. In any case individual circumstances are so disparate that CTT planning must be "custom made."

What is important is to seek professional advice at a relatively early stage—certainly by around 40—and then to monitor arrangements on a regular basis. Assets increase in value; the number of dependants can change; the estate is likely to grow.

If, for example, one has chosen to divide the estate with one's spouse so as to minimise the CTT payable on the death of the survivor, the equalisation process may need to be virtually continuous. Or if grandchildren appear it may be worth transferring heirlooms to them rather than to children.

Finally, the question of trusts for children and grandchildren needs to be carefully considered now that transfers into and out of trusts are liable to CTT and even discretionary trusts are subject to a periodic charge every 10 years based on 30 per cent of the tax that would have been payable had the beneficial interest simply been transferred.

Christine Moir

Interest Rates

The best bets

THE POSITION of the building societies as the best bet for most short-term savers remains unchallenged after one of the most hectic years ever for interest rates. The relative advantages of the other major competitors for short-term money have also remained substantially intact—with National Savings in particular retaining its appeal for both the poorest and the wealthiest savers. The banks continue to lag behind most of the time, except in the case of amounts of £10,000 or more.

Just over a year ago the Bank of England's Minimum Lending Rate (MLR) stood at 6½ per cent—just 1½ per cent above its lowest level since 1972 when the MLR system was introduced. By June MLR had shot up to 9 per cent and two months ago it peaked at 14 per cent—just one point below the crisis level of 15 per cent touched at the height of the sterling panic in 1976.

During most of that time the building societies have remained one jump ahead: and with their basic rate for savers now 8 per cent tax-paid they retain a strong competitive edge over the clearing banks, which, following the big turnround in the trend in interest rates, are currently offering only 9½ per cent or less on ordinary seven-day deposit money. This works out at less than 6.4 per cent net to a basic rate taxpayer.

Building societies are also highly competitive for taxpayers with term money to invest. The major societies offer a bonus of 1 per cent tax-paid over the ruling basic savers' rate for three-year money. And the bonus for four-year money has increased recently from 1 per cent to 1½ per cent at, among other major societies, the Halifax, Abbey National, Nationwide and Woolwich.

The biggest competitors of building societies are National Savings products.

● The investment account at the National Savings Bank. This offers 12 per cent before tax for money at one month's notice. The account also has the snag that interest is credited only for each complete calendar month the money is on deposit. None the less, offering a return of up to 8.04 per cent after basic rate tax it is an option that, if it is maintained much longer, could act as a brake on the building societies in reducing their rates. Even with a reduction in the rate which may come in the post-election Budget, the investment account at the National Savings Bank must remain a best buy for low-income pensioners and other non-taxpayers.

● National Savings Certificates. The 18th issue launched in January offers a tax-free return of 8.45 per cent over five years. That compares with 7.59 per cent on the previous 14th issue. Savers can invest up to £1,500 in the 18th compared to a limit of £3,000 in the case of the 14th. Savings certificates are a must for high-rate taxpayers but on the face of it, for the average investor paying just basic rate tax, building society four-year term shares offering 9½ per cent tax-paid look a better bet. But Savings Certificates have the advantage that their interest is guaranteed whereas term share rates fluctuate in line with the basic share rate. In addition, you can withdraw your money at any time from the certificates whereas your money is tied up for the full period with building societies.

For medium-term regular savings the choice in the case of most savers is between building societies and National Savings.

The National Savings inflation-proofed Save-As-You-Earn combines flexibility and a high return. If you complete the five-year course, you collect tax-free bonuses sufficient to compensate fully for the rise in the cost of living during the time your money has been invested. With inflation running at around 10 per cent and no prospect in the immediate future of it falling much lower, this scheme rightly remains a favourite with savers. The maximum you can put in is £20 a month per person over 16.

Buildings societies have three regular savings vehicles: subscription shares, building society Save-As-You-Earn, and insurance-linked plans. The Halifax, Abbey National, Nationwide, Woolwich, Leeds, and Alliance are among major societies which run subscription accounts where you get an extra 1½ per cent tax-paid interest over the basic savers' rate for committing yourself to contributing a fixed amount each month. That works out at 9½ per cent at the moment.

If you can commit yourself to saving regularly for four years, the return on building society insurance-linked plans is almost unbeatable. Net returns of up to 13 per cent a year to a basic rate taxpayer are possible—thanks to the tax credit of 17½p in the £ you can claim.

Building society Save-As-You-Earn has been going for ten years but until recently has been out of favour because it seemed very much to play second fiddle to the National Savings index-linked Save-As-You-Earn. The building society plan offers a rate of 8.3 per cent tax-free if you save for the basic term of five years and if you leave your money for a further two years the rate for the whole term works out at 8.6 per cent.

E.F.

Life Assurance

Spate of schemes on the market

LIFE ASSURANCE has always played an important role in personal financial planning. A traditional *with-profits contract* was one of the earliest forms of pooled savings. The investor paid his premiums, which then were invested in a common life *fund. He received his share of* the profits in the form of bonus additions to the guaranteed sum assured. At the end of the investment period, or on earlier death, the investor took his share of the pooled funds as a maturity or death claim.

The with-profit endowment is *still a useful form of savings* for the smaller investor who wants security, stability and a good return with no worries or involvement. Thousands of investors still save this way, especially with the home service insurance companies. A with-profit low-cost policy is now one of the chief vehicles for repaying a mortgage.

But over the past two decades, life assurance has become much more sophisticated and consumer-orientated. The introduction of the unit-linked concept opened several new dimensions for savings through a life assurance company. The tax planners have at last discovered the potentials of life assurance and there is now a spate of schemes designed to provide maximum tax efficiency.

What does life assurance offer in the way of tax concessions given with the approval of the *Inland Revenue? One has to* consider two quite separate investment forms—a lump sum outlay and regular savings.

With both forms of outlay, investment is made into a life fund that is taxed at a maximum rate of 37½ per cent—compared with a corporation tax rate of 52 per cent. With traditional life assurance, investment is made into a common fund, which is a mixture of fixed interest securities equities and property. Linked life assurance now offers investors a wide range of funds—UK and overseas equities, fixed interest, cash and property. He can also switch between funds at very *low cost, or leave it entirely to* the life company by investing in a managed fund—a mix of all other funds.

The investor with a lump sum investment is, however, liable to higher rate tax at the time he cashes in his hand, calculated on the top-slice principle. But there is a generous withdrawal concession. The investor can take out up to 5 per cent of his original investment in any one year without suffering tax *at a time, up to a maximum of* 20 years' withdrawals. But these sums withdrawn are taken into account in calculating the final profit.

Investors using withdrawal schemes need to retain some flexibility so that they do not eat into capital at times when the *market is depressed. Many* withdrawal plans are now arranged so that the investment income will cover the amount of withdrawal.

Debate

In considering investment in *a life bond, investors should* compare it with other similar forms of investment, especially unit trusts. In many cases unit trusts are more tax-efficient than bonds—there is a continuing debate on this score. But bonds offer a wider range of investments than trusts—property cash and fixed interest with the ability to switch easily and cheaply.

However, the tax planning potential lies with regular savings plans. First, there is the tax relief given to the investor on his premiums. Under the new system, which started on April 6 last, the investor pays his premiums net of tax relief and the life company claims the tax from the Revenue. The current rate of relief being 17½ per cent.

Thus for every £100 of gross premium, the investor pays £82.50 and the life company receives £17.50 from the Revenue. The rules for qualification are complex, but this relief is given even if the investor does not pay tax.

This tax relief is now available *on premiums up to one*-sixth of income or £1,500, whichever is the greater. But an investor can still pay above this limit if he wants to, he just *does not get tax relief.* Some people still regard the one-sixth limit as the maximum premium the life company can accept.

But this tax relief on premiums is just the icing on the cake as far as higher rate taxpayers are concerned. The main tax planning feature is that all *sums received on cashing-in* a policy are free of all taxes—basic rate, higher rate, surcharge and capital gains tax, provided the cash-in takes place after a given period.

The rules controlling tax qualification are set out in the Finance Act 1976 and the Finance Act 1975. If the policy is writen in the correct form, the tax-free sums can be taken after 10 years—in some cases after 7½ years. Thus the 98 per cent tax*payer can invest in the fund,* getting a 17½ per cent rebate on at least some of his outlay, roll-up his investment taxed at only 37½ per cent and then cash-in his investment tax free. It is an ideal situation provided the investor is prepared to wait for what is by current standards a *long time.*

The main feature of all these plans is that the investor pays his premiums for 10 years. The policy is written in the form of several small units. At the end of 10 years, he can stop paying premiums and cash-in when he likes. The value of his invest*ments will continue to grow. He* can cash-in a few policies at a time thus providing himself with tax-free income. Or he can continue premiums to build up his capital even more rapidly. No wonder these plans are being dubbed "greenhouse" schemes—the harsh tax winds are shut out.

Compared with regular savings, lump sum investment is akin to using a cold frame. Growth is better than in the open but slower than in a greenhouse. It is comparatively easy to convert lump sums into regular payments. One can effect a temporary annuity and bleed in the payments into the *regular savings plan. Solar Life* has tailored together a regular savings scheme with a single premium bond using the withdrawal facility.

Switching

The unit linked schemes provide maximum flexibility in the design of these plans—and the investor can still be involved in the investment process through switching funds. If the market *is high ahead of the time of* cash-in, the investor can move into the cash fund. There are now a plethora of schemes available on the market. The investor needs to check that they have maximum tax-efficiency.

A couple of traditional life companies have now started to *market their version of maxi*mum investment plans — the Scottish Provident Institution and MGM Assurance. Investors can use flexible endowments or even cobble together a series of fixed term endowments. These two life companies have researched the market, finding that many investors and brokers still like the security, stability and guarantees of with-profit plans.

Finally, in all personal financial planning the investor should ensure that there is adequate financial protection for his family should he die early—*the other side of life assurance.* Term cover and family income benefits provide high level protection at low cost. Most term contracts carry an option to convert to savings at a later date.

Eric Short

School Fees

Plan well in advance

THE PRIVATE educational sector is still flourishing in the UK. Demand for places remains strong, despite fee levels now averaging £750-£800 a term for boarding at a top boys' school. The desire to have one's children educated privately stems from a multiplicity of causes. A survey made last year on behalf of C. Howard and Partners, a *leading school fee* specialist firm, showed that alongside educational considerations, tradition, fashion and politics were also prime motivators.

How can parents meet these high levels of schooling costs, on which no direct tax relief is available? One *thing is certain.* For many it will mean financial sacrifices, using all available resources of income and capital. In any planning exercise the effect of inflation must be taken into account. And education, being labour-intensive, will see fees *rising in line with* earnings rather than prices.

The most common method of *payment is meeting current fees out of income.* Indeed, for many parents, there is no other option, and it can mean considerable sacrifices. The Howard survey shows various methods by which income is *boosted*—the wife taking a job simply to meet the fees, the husband taking a second job, and even taking in lodgers. It also shows the sacrifices people are prepared to make—cutting out holidays, entertainment, smoking, home improvements and so on.

One lesson for parents considering having their children educated privately is to plan *well in advance* and save out of income before the main schooling starts at 13. By using regular savings life assurance, parents can get tax concessions and reliefs on their outlay towards education. If an early enough start is made, at least 10 years before the fees are *required,* the cash-in sums are free of income and capital gains taxes.

Relief

Under a life assurance scheme, the investor gets tax relief on his premiums, the roll-up of in*vestment* income within the life fund suffering tax at 37½ per cent and the ultimate money paid tax-free.

The investor has a choice of traditional with-profits schemes or the unit-linked plans. The media chosen will depend on the temperament of the investor *and the degree of risk* he is prepared to accept plus the amount of involvement he is prepared to undertake.

The basic parameters in the investment planning are that the investor is going to need specific sums at definite times when the fees become due. *There* is not much flexibility over timing. Hence some advisers stick with the traditional with-profit schemes. The return on a specific date is definite, *as the following* example shows.

Consider a man aged 30 with a son aged three. He is saving *to meet* fees payable over five years, starting in ten years' time. One plan available is to take out a series of with-profit endowments ranging from ten to 14 years inclusive. The maturity payments will coincide with the due dates of the fees. The sum assured under each policy is taken as £2,500—slightly above the present level—and the bonus additions provide a hedge against inflation. The costs are shown in the *accompanying tables, the* policies being taken out with Equitable Life.

Term years	Net *monthly* premium	Estimated *maturity* value
	£	£
10	19.00	4,336
11	17.28	4,517
12	15.85	4,698
13	14.63	4,894
14	13.58	5,090

Put together, the annual outlay and payments received are as follows

Year	Total annual outlay £	Money received £
0.9	964.08	—
10	736.08	4,336
11	528.72	4,517
12	338.52	4,698
13	162.96	4,894
14	—	5,090

With unit-linked schemes the investor can cash-in at any time from the 10th policy anniversary onwards. Most, if not all, schemes are written in small units, so the investor can cash-in as many units as he desires at the time he wants to. The problem is that the unit values could be low at the time of cash-in because of a bear *market situation.*

Most plans have a variety of funds to which units are linked, with facilities to switch between funds. The investor needs to watch the market closely near the time of cash-in and be prepared to switch into a cash fund if the market looks like turning down. But if the timing is about right, the investor should get a better return for his outlay.

Note that policies must be written in trust so to avoid any Capital transfer Tax liability in the event of the parent dying before all the policies mature. Otherwise the claim money is aggregated with the rest of the *estate.*

But many parents cannot plan that far ahead. Often the decision for private education is taken only a few years before the fees are required. If there are at least four years to go, then the use of building society linked schemes will provide a *very high return, although the* cash-in values are subject to higher-rate tax. But these *schemes could be affected by a* future Budget extending the "clawback" period of tax relief to 10 years. Index-linked SAYE schemes and National Savings Certificates are useful tools in school fee planning.

All these schemes are unlikely to provide complete protection against *inflation in fully* meeting the fees when they become due. Parents should use such schemes to provide part of the fees, depending on how much can be put aside to save, and top up from income or other sources.

Parents, grandparents and other relatives can make use of any *capital available to meet* fees. The Howard survey showed that in nearly one-third of the cases of children being educated privately financial help was being given by other members of the family—over 90 per cent of such cases the help came from *grandparents.*

Some schools will accept lump sum payments in advance. Many of these schemes offer very competitive terms, but with others the return is well below the market rates. Some schools are linking up with life companies, purchasing deferred annuities with the capital sums. With the high rates of interest currently available, considerable savings can be made. For example, under the Equitable Life scheme, a sum of £4,702.32 will meet fees of £600 per term, over five years starting in seven years' time.

The two *leading school fee* specialists—School Fees Insurance Agency of Maidenhead and C. Howard—both have their own capital schemes designed to provide maximum tax efficiency. Investors with capital to use towards school fees need to shop round to get the best buy.

If the payment is made by a person other than the parent then it constitutes a transfer in value and is liable to CTT. That is the view of one expert. Other schemes offered by the specialist takes a different view. The situation is by no means clear on the CTT position. Investors need to play safe and make maximum use of the annual exemptions.

A guide to various methods of paying school fees, with a list of advisers, is available from the Independent Schools Information Service.

E.S.

Pensions

Top savings in tax relief

A COMPANY pension scheme is the most tax-efficient savings plan available to investors. The Revenue allows the contributions to count for full tax relief at the top rate. The investment is in a tax-exempt fund, so the roll-up is on a gross basis. The ultimate benefits are treated generously by the taxman. No other savings vehicle has such inbuilt advantages, yet the full savings potential of pension schemes is still not fully recognised.

The problem in many cases is that investors do not associate their pension scheme with savings, since by and large it is involuntary. The contributions are deducted at source by the employer and the benefits still seem very much in the distance. But a person in a pension scheme is saving towards retirement just as much as if he were putting the money in a building society, but it is a more tax-efficient manner.

Thus it makes financial sense in any planning exercise by the individual investor to make sure first that he or she is making maximum use of pension scheme concessions.

Controlling directors and top executives are those investors who can benefit most from a pension arrangement. The higher one is up the salary scale and the larger one's estate, the more valuable are the tax concessions. Not only do the contributions attract tax relief at the top rate; the basic lump sum death-in-service benefit, up to a maximum of four times salary, is free of Capital Transfer Tax.

Since the 1973 Social Security Act controlling directors can be be members of a company pension scheme just like any other employee. But it makes far more financial sense to have a separate executive pension scheme for these top personnel rather than putting them in the main company scheme.

The benefits can be designed in a more flexible manner and tailored to meet individual requirements. The pension can be fully revalued up to the Revenue limits. The actual date of retirement can be made more flexible than in the main scheme. Even more important, the funding arrangements can be made more flexible to provide the maximum benefit to the executive. It makes sense for the executive to contribute the maximum amount allowed by the Revenue—15 per cent of earnings—giving the executive a salary rise to compensate. His net salary situation is unaltered but benefits are based on the enhanced gross salary.

Sales of executive pension schemes by life companies have soared in the past couple of years as more executives have come to appreciate the tax advantages. There are plenty of schemes on the market—traditional, unit-linked and building society-linked, each with its own investment criteria. But since the benefits are linked to salary, the investment performance affects the amount paid by the company. A more important feature is whether to set up a self-administered executive scheme, with the opportunity of investing back in the company, or to use a life company scheme.

Scope

The ordinary investor already in a company pension scheme may feel that there is nothing more he can do. In many cases this need not be so. How many scheme members will complete the 40 years service in the scheme necessary to provide the maximum benefits allowed by the Revenue, such as revaluing the pension every year to keep its real value? The answer is not very many. For all such persons there is scope to save through Additional Voluntary Contribution schemes, known as AVCs.

The Revenue allows an investor to contribute up to 15 per cent of his earnings into a pension arrangement, and the definition of earnings is extremely wide. It is not just basic salary, but includes bonuses, overtime payments and so on. Under most company schemes the normal contribution rate by employees is 5 to 6 per cent, although 8 per cent is not unknown. The member can invest the balance in an AVC scheme.

The other limitations on the amount of contributions to an AVC scheme relate to the benefits. The combined benefits provided by the main scheme and those purchased by the AVC scheme must not exceed certain limits. But unless the investor is getting near the maximum from the main scheme there is plenty of scope for some contributions. Many life companies are reporting a growing volume of AVC business.

For those persons not in a company pension scheme, because their employers have kept them fully in the State scheme and made no attempt to build on top, then savings can be done through a personal pension plan. There is a misconception among investors that these plans are only for the self-employed. Admittedly the self-employed are the main users of these schemes but they are available to anyone in non-pensionable employment—i.e., where the employer does *not have any company pension* arrangement at all.

Under these schemes the investor can contribute up to 15 per cent of his earnings—15 seems a magic number in Revenue thinking for pension purposes. The roll-up is tax-free, the contributions are eligible for full tax relief at the top rate. And the benefits can be taken at retirement partly as a tax-free lump sum and the rest in pension taxed as earned income.

The self-employed have to make their own pension provision, since the State scheme, even in its new form, does no more than provide them with the basic flat-rate pension. Again up to 15 per cent of earnings can be tucked away towards retirement, with the benefits taken partly in a tax-free lump sum and the rest in taxable pension.

AVCs and self-employed pension schemes, in contrast to most company schemes, are cash accumulation plans, where the ultimate benefits depend not only on the contributions but on investment performance. This choice of plan and choice of life company are very important. Again the investor has to pick from a bewildering array of schemes and he needs to understand certain basic features.

AVC schemes are on the traditional pattern—mostly on a with-profit basis. The investor has a guaranteed return on his benefits to which bonuses are added. Equitable Life, Standard Life and London Life are active in this field, offering top class returns. The Phoenix Assurance offers a return guaranteed to be not less than the *mortgage* lending rate.

But with self-employed contracts the linked life companies offer a viable alternative to traditional with-profit plans. Linked contracts can be based on a variety of funds with switching facilities—or the investor can leave the management to the life company by going into a mixed fund. The *with-profit plans* offer a steady return that does not fluctuate very much. The linked contracts over the longer periods offer a higher return, but the variations are somewhat greater. With linked contracts, investors have to guage what they are paying. With traditional schemes charges are made but it is impossible to quantify them.

With a personal pension plan the investor has the choice of paying single premiums or on a regular basis. On past performance single premiums have proved a better investment and provide more flexibility in payment. But regular premium schemes impose a discipline on the investor to save, very important to some investors who can always find another use for the money. But the commission terms are more favourable to regular premium schemes—a feature that needs re-examining.

E.S.

Expatriates

Big advantages to exploit

A POUND invested carefully today should grow to about £45 in 40 years if no tax is deducted along the way. If, however, it is invested in a fund paying 37½ per cent income tax—the rate insurance companies in the UK have to pay on interest income—it will grow to only about £11.

That in a nutshell is the case for expatriates making the most of their investment opportunities. They enjoy the massive advantage that their savings can build up tax-free not only while they are abroad but also continue to do so after they return.

To turn £1 into £45 over 40 years requires a relatively modest interest rate of 10 per cent. Even after the collapse in interest rates of the last few months, the longest dated gilts still offer returns comfortably over 11 per cent.

The longer the term the more phenomenal the divergence between the performance of taxed and untaxed funds. But, as the table shows, even over a 10-year term the difference is substantial: £1 in a tax-free fund should grow to £2.59 whereas it grows to only £1.83 in an insurance company fund paying UK tax.

OFFSHORE V UK INSURANCE FUNDS

What a £1 investment grows to if it earns interest of 10 per cent a year before tax

Investment period	UK endowment fund*	Tax-free offshore fund
10 years	£1.83	£2.59
20 years	£3.36	£6.73
30 years	£6.16	£17.45
40 years	£11.30	£45.26

* UK endowment funds normally pay income tax at a special rate of 37½ per cent.

A burgeoning range of insurance products is now available *to help the expatriate maintain* the tax-free status of his savings after returning home, as in many cases he is likely to do. The most sophisticated vehicles are flexible unit-linked endowment policies provided by insurance companies based in such places as Bermuda and the Isle of Man. Not only do they provide for income to roll up free of almost all tax within the insurance funds but withdrawals made from cashing-in are free of UK tax provided the policy has been running at least 10 years.

Improvement

This is a major improvement on offshore single premium bonds, which until recently were the main option for the tax-minded expatriate. These allow income to build up free of tax in the fund but if the investor is subject to higher rates of UK tax at the time he cashes in he will have some tax to pay (the tax formula is the same as for ordinary single premium bonds with "top-slicing" applying).

To qualify to take out a flexible offshore endowment you need to be non-resident for tax and foreign exchange purposes. Most people going overseas to work for three years can acquire this status immediately they leave Britain by applying to the Inland Revenue and the Bank of England supplying appropriate evidence of their employment plans.

They commit themselves to pay premiums for an initial period of 10 years and then they may have several options including continuing to pay premiums, taking the full maturity value immediately, leaving it to build up indefinitely or making regular annual withdrawals.

The main condition you have to meet to enjoy the full tax advantages is to continue the premiums for 10 years

Running

If the policy has been running for less than 10 years when you return you can in most cases continue to pay premiums as a British resident.

In practice, where sizeable premiums are involved, most policyholders will probably want to pay the bulk of the premiums—at least six years' in most cases—out of high foreign earnings.

One snag of these policies is that you cannot claim the usual 17½p in the £ tax credit you would have on a British life insurance policy.

But this is a minor sacrifice compared with the phenomenal advantage of income compounding tax-free over a long period.

These plans have been pioneered by an Isle of Man subsidiary of the Tyndall unit trust group but now Save and *Prosper's* Bermuda subsidiary has joined in and several other major finaicial groups are planning similar schemes.

Both the Tyndall and Save and Prosper plans allow for the policyholder to start drawing an income from his investment after 10 years.

The income is normally tax-free provided the policyholder continues to pay a nominal amount of premium (to meet the Inland Revenue's rules about "qualifying" policies). In the case of the Tyndall plan the premium after the 10th year is only £12 a year. Save and Prosper's charge to keep the policy "qualifying" is a premium equal to 1 per cent of the value of the underlying investments each year.

Save and Prosper also allows the investor to continue to pay premiums for a second term of 10 years. And if he later decides to stop paying premiums he can make the policy paid-up without penalty.

The minimum initial premium is £300 a year at Tyndall and 2,500 American dollars at Save and Prosper.

A major problem initially with these plans was that their tax advantages were not guaranteed. This was because each policyholder had to wait until he returned to Britain before the Inland Revenue would say officially whether the policy met its conditions for qualifying status. Now the Revenue is vetting these policies at the time of issue and provided they meet the appropriate conditions it issues a binding guarantee.

E.F.

Richard Lambert on how Cadbury Schweppes has rethought its strategy

Back to the straight and narrow

IT TAKES a long time to change the direction of a diversified multinational with annual sales of £1bn. The report and accounts published today by Cadbury Schweppes show that the group's financial performance in 1978 was just as uninspiring as it has been throughout this decade. Its return on capital, before interest payments, remained stuck at a little over 15 per cent, while the pre-tax return on sales fell to a new low point of 4.8 per cent.

But ten years after the merger between Cadbury's confectionery and food, and Schweppes' drinks, the trends at last seem to be changing. Chairman Sir Adrian Cadbury is aiming for a material improvement in profits this year, the second in a five-year programme during the course of which the group is committed to improving the return on its existing assets, and to establishing a major presence in North America.

PUTTING THE HOUSE IN ORDER (1978)

- UK drinks: concentrating production and closing down older factories.
- Typhoo Tea factory in Birmingham closed.
- Jeyes Ireland sold.
- Wines and spirits division "drastically reorganised."
- Peter Paul confectionery business acquired in the U.S.
- Confectionery production in Canada concentrated at one site; Montreal factory closed.
- In Australia, "intensified cost reduction" in confectionery division and plant rationalisation in the drinks business.
- Spanish business rationalised and restructured.
- Management of export division "significantly strengthened."
- Cutback in group stocks and debtors, measured in terms of weeks.
- Return on operating assets in the UK increased by some two percentage points.

New approach

Major changes are already apparent in the style of Cadbury Schweppes' management. During the early 1970s, diversification was the theme: stockbrokers Henderson Crosthwaite estimate that the group spent nearly £70m between 1972 and 1975 on acquisitions and overseas investments, most of them small and many of them unsuccessful. It was also spreading itself within its traditional businesses. Cadbury launched around 25 new product lines between 1972 and 1975, very few of which made any lasting impact.

Meanwhile the group was losing its grip on its strongest assets—its big brand names. "I don't think we had our priorities right," admits managing director Mr. Basil Collins. "With the apparent attraction of going out to look for acquisitions and new brands, we failed to see the overwhelming importance of supporting our existing products."

In real terms, advertising support for Cadbury's Dairy Milk chocolate was reduced sharply during the first half of the 1970s. And Rowntree Mackintosh, a major competitor, was able to sweep into the market for moulded chocolate bars with its startlingly successful Yorkie bar. Precisely the same thing happened at Schweppes, which dominated the UK drink mixer trade ten years ago, and has since been subject to increasing pressure from brewers' own brands and from Hunts, which is owned by Beechams. Henderson Croswaite reckon that spending on capital and advertising dwindled from 2.7 per cent of sales in 1972 to less than 1 per cent in 1975. And with it, down went Schweppes' market share.

Sir Adrian Cadbury was appointed chairman in succession to Lord Watkinson in 1974, shortly after Mr. Collins became managing director. By that time it was already clear that businessmen generally were going to have to learn to live in a world where real growth could no longer be taken for granted. "An outside imperative required our business to be managed in a different sort of way," says Sir Adrian.

Consultants were called in. Their brief was to produce an assessment of where the group stood in its different markets, from which management could decide on future strategies and objectives. The new thinking started to show through in the chairman's statement with the annual report three years ago:

"The policy is one of concentrating on our core businesses at home and abroad, and taking action to turn round any operating activities which are not making a proper contribution to the growth of the company."

That theme has been repeated many times since then, with two important additions. The first was a new emphasis on developing the major brands on an international rather than a regional basis. The other was the decision to build a much stronger base in North America.

Cadbury Schweppes used to be split into product divisions in the UK, and into geographic regions everywhere else in the world. Now, the drinks and confectionery businesses are looked at on a worldwide basis as consolidated organisations.

But the confectionery side had a strategic problem. Cadbury's trade had followed the British flag around the world, with the result that it had very large shares of some small markets, like New Zealand, and only a very modest presence in certain major areas—notably the U.S. Last year's acquisition of Peter Paul gave the enlarged U.S. business 10 per cent of the world's biggest confectionery market, plus the distribution facilities which Cadbury needs if it is to increase its brand share.

For the drinks side, the U.S. presented a different challenge. The Schweppes name was extraordinarily well known in the U.S., but the brand had less than 1 per cent of the U.S. soft drinks market. "We had to use that share of the public's mind to establish a far greater presence," says Mr. Collins. So in the recent past Schweppes has materially increased its investment in marketing and bottling franchises, and sales volume in the U.S. rose 13 per cent last year.

The group has also jumped into a quite different part of the U.S. market with a citrus soft drink called Rondo—a move that seems inconsistent with the policy of exploiting established brand strengths. Not so, claims Mr. Collins. Mixers only have a small part of the total soft drinks business, and the Schweppes brand name would not be suitable for an attack on other segments of the trade.

Sir Adrian Cadbury—return to market orthodoxy

Rondo is chasing a specific sector of the soft drinks market, and the expansion of its distribution network is being very carefully controlled.

The panel shows how the group's general objectives were translated into specific action during 1978. Mr. Collins thinks that theoretically the business could have been wrenched around a couple of years ago, but at a real cost in terms of management and employee relations. "We do encourage participation, and that takes time."

Sir Adrian echoes the same point. "We would argue that the overall time frame of change is not lengthened by this policy. We have to spend more senior management time at the early stages in thrashing out the various options. But at the end of it, we hope to get a shorter period of unrest and disagreement."

As an example, Sir Adrian cites last year's closure of a tea packing factory in Birmingham. Ahead of metrication, Typhoo was planning to re-equip with new and much faster machinery. A working party was set up, including senior employee representatives and after looking at the position in detail it unanimously concluded that the packing operation should be concentrated into one factory. It was left to management to decide which of the two that were then running should get the axe.

Understandably, the news that the Birmingham factory had to go produced a hostile response. "But you at least had an informed debate among the people affected." And there was no major strike or prolonged period of unrest.

So far, Cadbury Schweppes has succeeded in checking and partially reversing the decline in its major brands, both in the UK and overseas. It has gone some way towards improving its production efficiency in the UK, where its return on operating assets rose by some two percentage points last year. And it has achieved a major shift in the geographic balance of its operations, with North America likely to rival Australia as the group's major overseas profits centre in 1979.

Sir Adrian says that there is still a considerable degree of rationalisation and modernisation to be done in the UK. During the next three years, there will be a definite reduction in the number of confectionery lines on offer, and this concentration of effort behind the major brands will lead to further savings in stocks, packaging, and production costs. Elsewhere, allowance has already been made in the 1978 profit figures for the cost of closing more Schweppes bottling factories.

Aiming high

In the short term, these efforts have had an adverse impact on profits. Overall promotional costs have been rising by about £10m a year. In 1978, too, profits were held down by the cost of reorganisation in Canada, where Cadbury closed down excess confectionery capacity and made a sizeable loss, and of expansion in the U.S.

Mr. Collins believes that Cadbury Schweppes now stands poised to reap the rewards of its change in direction in the past two or three years. And they ought to be substantial, for the stated objective is a return of 25 per cent on operating assets at the end of the five-year period.

It would be unfair to judge the success or failure of the reorganisation simply on that basis. Such a return looks a very ambitious target for a group which is involved in a number of highly competitive businesses, many of which also have to reckon with political interference in their pricing decisions. Moreover a marketing company has always to trade current profitability off against the cost of future brand development.

But there is no doubt that the future of Cadbury Schweppes' management is now on the line. Managers, employees and shareholders have all had to show considerable patience in the last few years. In the early 1980s, they will be expecting the pay-off.

Proving a secure haven in a sea of troubles

Ian Hargreaves on the British Transport Docks Board

FOR Sir Humphrey Browne, yesterday was a good day. He presented his eighth annual report since becoming chairman of the British Transport Docks Board and for the eighth successive year was able to say that last year was better than the one before.

The figures, given the fluctuations of Britain's trade in the period of his chairmanship, are remarkable. The Board has moved steadily from a pretax profit of £7.6m in 1971 to £29.7m in 1978. As a percentage of average net assets employed, the surplus has risen from 5.6 to 16.9, with a goal of 20 per cent by 1980.

Moreover, this performance has been achieved during a period when Britain's other major ports, Liverpool, London and Bristol have struggled from one financial mire to another, with only brief intervals of firm footing. Apart from a few very small ports, only those of Dover and Felixstowe, which have found themselves in the centre of the causeway as Britain has switched its trading emphasis away from the former colonies and towards Europe, can compare with the collective performance of the 19 ports of the British Transport Docks Board.

"We have undoubtedly been helped," Sir Humphrey concedes, "by the lack of interference from government. I have never had any problems in that respect, they just let us get on with it." Hardly surprising, given the financial record of the board and the fact that even in this year of crumbled Government pay guidelines, the board has stuck rigidly to 5 per cent with supplements of up to another 5 per cent in return for union agreements on reduced manpower, earlier starts to shifts or other "genuine" productivity improvements.

"Our wages bill will rise by 5 per cent this year," says Keith Stuart, the board's managing director. Both men are scathing about the phoney productivity bonuses with which the last round of pay bargaining has been littered. Their own firmness about the guidelines, they point out, was not a soft road. A 10-week strike at Grimsby has only just ended and the pay issue formed a sharp backdrop to a year of industrial troubles at the board's most important port, Southampton.

It is easy to forget in listening to Sir Humphrey applying to the state-owned sector of the ports industry the style and standards of traditional, not to say old fashioned private enterprise, that he is himself a veteran of public ownership. He was a colliery manager when the pits were nationalised in 1947 and eventually became deputy chairman of the National Coal Board. Also of course he has held important posts in private industry and is currently chairman of the Bestobell engineering and chemicals group.

Roger Taylor

Sir Humphrey Browne—crossing his fingers

On subsidies, Sir Humphrey has his grumbles, particularly about the ratepayers' money being poured into the recently expanded port of Bristol, which is the main competitor of the board's South Wales ports. It is at this point in the discussion that Sir Humphrey is most likely to return to his own figures, pointing out the board's policy of providing for depreciation at current cost (an additional £7.2m was set aside in the 1977 accounts); the fact that the board finances internally all its own investment without assistance and that it provided £8.1m for taxation in 1978.

The board's management structure certainly cannot be criticised for being overweight. Only about 100 people work in the headquarters, which is tucked away at the back of the British Rail HQ, one of the board's competitors. Apart from strict financial control from the centre, Sir Humphrey says he gives greatest priority to the quality of management appointments. One recent decision about a senior management job involved some 20 hours of discussion between himself and Mr. Stuart.

The area of manpower is, however, the crucial one. In spite of its skirmishes this year over pay generally and over manning conditions at Southampton, the Board has never had a protracted slogging match over manning levels in its ports, even though it is subject to what Sir Humphrey describes as the "grotesque inflexibilities" of the national dock labour scheme, which make it extremely difficult to shed surplus manpower among registered dockworkers.

Part of the explanation is that none of the board's ports has faced the scale of change and obsolescence of the Mersey or London's upper docks, although at Hull the board faced a situation which was in many ways similar. It was dealt with, under Sir Humphrey, by natural wastage over a period of years and a refusal to hire extra men to deal with short-term peaks in the workload. As a result, says Mr. Stuart, there is no dockworker surplus in the board's ports, compared with average daily surplus of around 20 per cent in the Port of London. Allowing for extra staff taken on as a result of acquisitions of stevedore companies, the board estimates it has reduced jobs by 5,000 since 1971 with no loss of throughput.

There remains just one real fly in the ointment and that is the performance on the container berths at the port of Southampton. According to Sir Humphrey, the rate at which the port workers were moving boxes at Southampton in 1974-1975 was as good as anywhere in Europe, except Antwerp. Since then a tide of industrial militancy has sapped efficiency and pushed the rate down into the low 20s of boxes per crane per hour, compared with the 30 to 40 typical at the big Continental ports and the 60 achieved by some U.S. and Far East ports. The same factors also took the port into the red in 1977 for the first time for seven years.

Sir Humphrey admits it has been a serious problem, but crosses his fingers and says the new shift-work system recently adopted by a final group of port workers should mean the start of the climb back to an acceptable level of efficiency.

LOMBARD

Animal spirits and taxation

BY PETER RIDDELL

ONE OF Mr. Healey's favourite themes during the election has been to question the incentive effects of cutting the higher rates of tax. He has claimed that "Mr. Heath spent his last two years in office complaining that, although he had cut tax on the wealthy in the way he had been asked to do by the CBI and the Institute of Directors, he was getting no return whatever from them in the form of increased effort and increased investment."

This is, to say the least, a partial view of the record but it does represent almost the only discussion so far in the campaign of the underlying assumption of the Tories' tax-cutting pledge. The Conservative manifesto is quite explicit that cuts in income tax are necessary to restore incentive and thus to allow Britain to become more productive and more prosperous.

Good reasons

There may be—and I believe are—good social and political reasons for reducing the present marginal rates of income tax at both the top and the bottom ends of the scale. But this leaves open the question of whether there will be a consequent improvement in economic performance.

The academic evidence is inconclusive. Various studies into the motivation of workers and businessmen have generally been rather circular in their analysis of the incentive argument. Of more relevance perhaps is the recent discussion of deindustrialisation. In the recent National Institute book on the subject Mr. David Stout of the National Economic Development Office said that those observers "who lay the blame on the alleged disincentive effects of high personal income tax rates have to accommodate the evidence of tax structures that are in some senses more progressive in other economies."

On Mr. Stout's view these observers also have to acknowledge that "the experience of failure in industrial markets was as prevalent when the UK top rate of income tax was no more than 7 per cent (just before the First World War)." According to Professor Sir Henry Phelps Brown, this indicates "how minor a role taxation may play, among other forces, in the shaping of economic performance."

The counter argument is that the disincentive effects have become much more acute in the last few years. This is the result not only of the rise in higher rates of tax in 1974-75 but also, more significantly, because of the failure to adjust thresholds and bands for the full impact of inflation. The result, according to the CBI and other business groups, is that the tax burden has become crippling for managers, reducing any inclination to take risks and leading to migration. Moreover, even though UK marginal tax rates are not out of line with all other countries, they are now higher, for most businessmen, than in key trade competitors such as the U.S., France and West Germany.

Indeed the UK may now have reached the stage where the mere belief in the disincentive effects of current tax levels is itself a disincentive. But this makes it no easier to assess what might happen if Tory tax plans were implemented. If the arguments of the CBI and others are correct, there may be a reduction in tax avoidance and evasion and in the growth of fringe benefits. It is possible that these results may rapidly offset any revenue lost to the Exchequer from cuts in the higher rates.

No miracle

These are all valid reasons for wanting to reduce taxes, but where I part company from tax-cutting enthusiasts like Mr. Michael Edwardes of BL is in their belief that such changes are quite so important for the revitalisation of British management. It is at least open to debate whether senior managers in ICI or Marks and Spencer will work any harder than they do at present. Perhaps the real point is to encourage executives in sleepier companies to emulate such high-fliers. Certainly any change which helps to encourage risk-taking is welcome. But tax cuts are not some kind of miracle cure for economic ills dating back a century, though they may aid recovery. The animal spirits of British capitalism may not be so easily aroused.

London gardens, bitches and soda-syphons

GARDENS TODAY

BY ROBIN LANE FOX

LONDON GARDENS are infamously at the mercy of dogs, shade and neighbours. It is not long since I was treated by a rising lawyer to the sad tale of his best powered hedge-clippers. Out in a district in the south-east, he lived in a road of long thin gardens. They were filled with children and rubble and edged with that species of privet which seems to exist only to be clipped every Saturday morning on the way back from the betting-shop. All down the street, men in braces were brandishing their hand-shears. One morning's use of the best from Black and Decker convinced him that it could not be repeated.

Too far

A line of low glances seemed to accuse the marginality of such white-collar work. The tool-shed, he imagined, would never be safe again. They would be asking, next, where he had pinched them. In fact, he was simply holding the shears upside down and cutting too far into last year's wood.

Whatever your area, I commend you to a new annual on neighbours, shade and dogs to which I wish the best of luck. *The London Garden Book* for 1979. is a mere £1.95. All proceeds are to go to the National Gardens Scheme, now in its 52nd year. From there, they go on to the funds of district nurses and other nurses in need. That might be a weak reason for buying an annual, rather than sending a gift, unless the annual was itself some use. This one is not only useful, it is also rather fun and prettily produced.

How many Londoners have any idea how many good gardens are open to them during the summer? When the lilacs bend over the high walls of W8, one tries to jump or peer through the back gates to see what fits in behind. I have learnt from some fine London front gardens: huge yuccas and pleached limes, chequer-board patterns of paving-stones and creeping thyme, superb camellias and small square tubs of lavender and the early rose canary bird, a long-neglected pot-plant. But it takes a guide book like this to remind us what can actually be visited at the back of the house: 5. Highgate Gardens on June 24, green and white borders in Selwood Place. Beverly Nichols and his fauna on the edge of Ham Common. There is a busy summer of Sundays for you between these covers unless you insist on taking the dog with you too: flamingoes in Whitney Straight's aviary, a grotto in Barnsbury Square and plants for sale on June 3 in two good gardens in Chiswick Mall.

It does not end there. Nearly 30 pages list every sort of supplier and tradesman for gardeners all over England. Names for statues, pots and ballustrading, spring surprises even on this reader who thought he knew where to find them all. Incidentally, the many of you who want those elegantly-shaped terra-cotta pots which distinguish every town garden in Italy can now be sure of them at a reasonable price from Imports From Tuscany, 16, Brook Green, London W6 7BL—£22 for a 24-inch terra-cotta pot with the familiar pattern of swags and ridging does not seems excessive. In London, delivery is free. You could do worse than blow your next tax cut on a pair of these pots, filled with peat and bulbs of reflexed lily speciosum, still in the planting season. Imports all the way, of course, but a heavenly sight on a terrace in August.

Various articles fill out the mixture. Lady Harlech gives us her best recipes for luncheon al fresco, insisting on the importance of foods with pretty colours. Here, I would only endorse her favour for sorrel as a vegetable—"incredibly easy to grow, even in London," she rightly remarks. But I bet that you have never bothered with it. Sow the seed in rows like spinach as the soil now begins to warm up outdoors. You must stop your plants from bolting to seed. You should cut them hard and often so that the leaves remain soft and young throughout the year. Old plants divide easily, "almost like a weed," she adds, a fact which gardeners would not hedge about. But it is precious for cooks, like the excellent alpine strawberries which can also be raised prolifically from seed packets sown now and set out in half-shade in a London Garden where the dogs cannot get at them.

If you are rich enough to afford Lady Harlech's recipes, writes Lady Merton wryly, herself a noted country gardener on view to the public at the Old Rectory, Burghfield, near Reading, you are also rich enough to use aerosol sprays like Rapid in order to kill off London greenfly at a stroke. She has some pertinent tips for town gardeners, not least on dogs where she urges us all to switch to a bitch for the sake of the border plants. The soda-syphon is the only one-off remedy if your guests bring a male who cocks his leg, canine or otherwise, on anything alive. Squirt it on the plant, not the offender, and it will prevent scorching. I leave it to you to enjoy Lady Merton's recipe for slug-hunts in SW1, a scene from the television programme "The Good Life," enlarged by a first-hand knowledge of slugs' facility for crawling out of dust bins.

Good taste

Lanning Roper does a brisk tour through plants for shade, showing a rare combination of experience and good taste. You cannot improve, in his view, on good lily-of-the-valley. As its season approaches, I agree. Peter Coats has words on Kew and the double coconuts from the Seychelles which "look like a giant pair of boxing-gloves." There are bits on bees, this year's Victoria and Albert show and an advertisement for the admirable Garden History Society. Prettily laid out by the Compton Press, it is all a worthy companion to this year of the garden visitor, the backbone of which remains the scheme for our nurses' benefit. It looks well set for a long and amusing run.

Profiles of eight top trainers

RACING

BY DOMINIC WIGAN

AN INSIGHT into the life of a trainer by one of racing's most experienced journalists, Eight Flat-Racing Stables, by John Rickman and published by Heinemann, of Henry Cecil, John Dunlop, Mick Easterby, Dick Hern, Barry Hills, Jeremy Hindley, Bruce Hobbs and Peter Walwyn.

Rickman, who for the most part leaves the eight to give their individual views and attitudes to a profession in which all have made it to the top, has been rewarded with some fascinating quotes.

Mick Easterby, for example, tells us of his favourite type of runner—"it's got to be a fairly hard sort of bay horse, well made and well balanced. I know the gallop in all shapes but I must have a well-made horse."

The shrewd Yorkshireman then gives a typically forthright view on buying. "I don't believe in paying big prices. I like to be out of fashion. If you buy in fashion you pay through the nose. The majority of folk at the sales are like sheep. The thing is that when they go one way I go the other."

Mick Easterby's policy certainly paid off with Lochnager, a Dunbarnie colt, who became a champion sprinter with racecourse earnings of £70,000 and eventually, reciprocated for £260,000.

One of Easterby's colleagues with an even more dramatic story to relate in terms of "hitting the jackpot" with a yearling purchase is Barry Hills. He recalls that at Royal Ascot in 1971 he met Henry Zeisel who said he wished to buy a horse and was willing to pay £3,000. Hills says "he (Henry Zeisel) wrote one of the very few letters he has ever sent me enclosing a cheque for £1,500 deposit for the horse. I went to the sales and bought him Rheingold . . ."

The colt, Piggot's first "Arc" winner won nearly £400,000 in stakes and was syndicated for £1m.

The book also includes statistical analysis by Dorothy Laird on each of the stables and some *memorable photographs* including one of Bruce Hobbs and his father, Reg, at Cheltenham in 1939.

The Epsom spring meeting continues today with one of Britain's oldest races, the City and Suburban Handicap, the centrepiece of a card which also includes the Ladbroke's Silver Trophy and the Otis Handicap.

Better Blessed returned to his best form last time out and he is my choice for the City and Suburban; while Gruffyd looks a good choice for the opener, the Bandstead Stakes.

EPSOM

2.00—Gruffyd**
2.30—Quite Candid
3.05—Better Blessed***
3.35—Hedge School
4.10—Davidgalaxy Affair
4.45—Rebellion*

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards, 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight, Sat & Mon at 7.00: Carmen. Tomor at 7.00: The Marriage of Figaro. Fri at 7.00: Manon "a lovely new production . . . a truly exquisite performance," Guard. "Its new production at the London Coliseum is the best ... for the English N..." E. Stand. 104 balcony seats avail. ... day of per..

COVENT GARDEN. CC ... (Gardencharge Credit Cards ...) COVENT GARDEN ... sponsored by Midland ... THE ROYAL BALLET. Ton't 7.30 Mayerling. Fri ... Variations, Symphonic Variations ... Concerto. Sat. 2.15 Swan ... Diversions, La Fin du jour ... tions. THE ROYAL OPERA. Tomor 7.00 Don Carlos. 700 Stalls Promenade places ... 1 hour before curtain up. THE ROYAL OPERA. Mon 7.30 Il barbiere di Siviglia. THE ROYAL BALLET. Tue 7.30 Concerto. Liebeslieder Walzer. Facade. 65 Amphi seats avail for all perfs from 10 am on day of perf.

SADLER'S WELLS THEATRE, Rosebery Ave., EC1. 837 ... SADLER'S WELLS ROYAL BALLET. Ton't and Mon. 7.30. ... 7.30 Coppelia. Tomor. ... Meadow of Proverbs. ... The Rake's Progress. Tue ... Temperaments. Las Hermanas ... Poll.

THEATRES

ADELPHI THEATRE. Evgs. 7.30. Mats. Thurs. ... (Seats from £1 at ...) LONDON'S HAPPIEST ... SPECTACULAR MUSICAL ... WONDERFUL SONGS. BEYOND THE RAINBOW. Now starring for a Limited Season Europe's Top Recording Artist FREDDY QUINN. (Winner of 13 Gold ...) Over 180 Perfs. Booking to ...

ALBERY. From 8.30 am. ... Bookings 836 1071-73. ... Evgs. 7.45. Thurs. and Sat. ... A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL," Financial Times. with ROY DOTRICE, GILLIAN BURNS, MARGARET ... CHILDREN'S HALF-PRICE OFFER DAY OF PERF. Now booking to ...

ALDWYCH. CC. 836 6404. ... ROYAL SHAKESPEARE COMPANY in repertoire. Ton't, Tomorrow. ... Low price prevs. THE TAMING OF THE SHREW. First night Fri. ... "Daring, dazzling, ..." Evening News. With LOVE'S LABOUR'S LOST (next perf 4 May). ... Bulgakov's THE WHITE GUARD ... price prevs. from 23 May ... RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC ... Evs. 8. Fri. and Sat. 5.... DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders.

APOLLO THEATRE. CC ... Evgs. 8.00. Sat. 5 and 8. ... IAN LAVENDER ... "The youngest member of ..." Financial Times. CHRISTOPHER TIMOTHY ... "Everybody's favourite ..." JULIA FOSTER. "Is quite brilliant ..." HAPPY BIRTHDAY. A very funny new comedy by the authors of "BOEING BOEING," "FEYDEAU LIVES CA VA!" Gdn. "IT WILL RUN AND RUN," D.M.

ARTS THEATRE. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . see it." ... Monday to Thursday 8.30 ... Saturday 7.00 and 9.15.

ASTORIA THEATRE. 01-... 01-439 8031. Mon.-Thur. ... and Sat. 6.00 and ... ELVIS. BEST MUSICAL OF 1977 EVENING STANDARD AWARD. Group bookings 01-4...

CAMBRIDGE. 01-836 605... Mon.-Sat. 10 am-10 pm ... 7 pm. Credit cards 01-... Mon.-Thur. 8.00 Fri and Sat ... CHICAGO. "A TRIUMPH." Gdn. "HERE'S A HIT." People. CHICAGO. "THERE HASN'T BEEN A MUSICAL IN LONDON FOR A LONG TIME THAT COMES WITHIN A MILE OF IT." CHICAGO. "THE BRIGHTEST, BOUNCIEST MUSICAL COMEDY IN TOWN." CHICAGO. "WILL BE DELIGHTING LONDON FOR A LONG TIME." E. Standard. CHICAGO. "AN UNDOUBTED SUCCESS." CHICAGO. "ALL RAZZLE DAZZLE." "WIT AND STYLE." CHICAGO. "THERE IS NO COMPARABLE MUSICAL IN LONDON TODAY." CHICAGO. "A SUPER EVENING'S ENTERTAINMENT." CHICAGO. "A THOUSAND WELCOMES . . . IT WOULD BE A CRIME TO MISS IT." D. Mirror. Group bookings 01-4...

COMEDY THEATRE. CC. ... Mon.-Sat. 9.0. Mats. Fri. ... THE ONLY ROCK 'N' ROLL ... THE ROCKY HORROR SHOW ... SNACK BAR OPEN 1 HR. ...

CRITERION. From 8.30. ... Bkgs. 838 1071. Evgs. ... Fri. and Sat. 5.45 ... BEST COMEDY OF THE YEAR ...

HAYMARKET. 01-930 9832. Evgs. 8.00. Wed. 2.30. Sat. 4.30, 8.00. KEITH MICHELL, SUSAN HAMPSHIRE in the new SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI ...

THEATRE UPSTAIRS. 730 2554. Prevs. Tomor. and Wed. 7.30. Opens Thurs. 7. Subs. evgs. 7.30 PSY WARRIORS by David Leland.

VICTORIA PALACE. CC. 01-828 4735-6/01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS, SHEILA HANCOCK in ANNIE ...

CINEMAS

ART GALLERIES

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 12.40 pm News. 1.00 Pebble Mill. 1.45-2.00 Bod and the Kite. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 The Hair Bear Bunch. 4.40 Think of a Number. 5.05 John Craven's Newsround. 5.10 Out of Bounds. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wonderful World of Disney.
7.40 Happy Ever After.
8.10 Accident.
9.00 Election Broadcast by the Conservative Party.
9.10 News.
9.40 Sportsnight. Football: European Cup.
10.50 Campaign Report '79.
11.30-11.35 Weather / Regional News.

All regions as BBC-1 except at the following times:—

Scotland—5.55—6.05 pm Election Broadcast by the SNP. 6.05-6.20 Reporting Scotland. 11.30 News and Weather for Scotland.

Wales—5.10-5.35 pm Bilidowcar. 5.55-6.20 Wales Today. 6.50-7.40 Heddiw. 7.40-8.10 Stewart Tudor and Cousins. 11.30 News and weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 Open University.
10.20 Gharbar.
10.45 Parosi.
11.00-11.25 Play School.
4.50 pm Open University.
6.55 Snooker.
7.20 News.
7.30 The Long Search: The Romanian Solution.
8.20 The Money Programme.
9.00 Election Broadcast. As BBC-1.
9.10 Spike Milligan in Q8.
9.40 Matilda's England.
10.45 Snooker. The Embassy World Professional Championship.
11.30 News and the Hustings.

LONDON

9.30 am Noddy. 9.40 Captain Nemo. 9.55 McMillan. 11.10 Untamed Frontier. 11.35 How Fares the Land. 12.00 The Adventures of Rupert Bear. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus including Racing from Epsom: 2.30, 3.05 and 3.35 races. 3.50 Andy's Party. 4.20 Under the Same Sun. 4.45 Extraordinary. 5.15 Crossroads.

5.45 News.
6.00 Thames at 6.
6.20 Thames Election Debate.
6.55 Help!
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 Election Broadcast by the Conservative Party.
9.10 Out.
10.10 News.
10.50 Out.
11.50 Elaine the Singer of the Song.
12.15 am Close, with Michael Burrell.

ATV

9.35 am Mr. Speaker. 10.05 Tiswas. 1.20 ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.50-12.20 am A Flirt With Fire.

BORDER

9.30 am Technoflash. 9.50 Young Ramsey. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 Border News. 2.00 Houseparty. 2.25 Racing. 6.00 Lookaround. 6.25 Political Broadcast: Scottish National Party. 6.35 Crossroads. 11.50 George Hamilton IV. 12.20 am Border News.

CHANNEL

1.18 am Channel News. 6.00 pm Channel News. 6.15 Ladies First. 6.35 Crossroads. 9.00 Encore. 10.48 Channel News. 11.50 George Hamilton IV. 12.20 News and weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Counterpoint. 10.15 The Lost Islands. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Grampian News. 3.50 First Act. 5.45 News. 6.00 Grampian Today. 6.25 Election Broadcast by the SNP. 6.35 Crossroads. 11.50 Reflections. 11.55 George Hamilton IV. 12.20 am Grampian Headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Outsiders. 11.15 Flashback. 11.35 Clapperboard. 1.20 pm Dodo. 2.00 Live From 2. 5.10 Captain Nemo. 6.00 Granada Reports Special. 11.50 Survival.

HTV

9.50 am Counterpoint. 10.15 Welcome to the Ceilidh. 10.45 World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Report West. 1.25 Report Wales. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.50 Survival Special

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion y Dydd. 4.20-4.45 'Rydw I am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 Report West. 6.00-6.30 Report West.

SCOTTISH

9.30 am On Seven Hills They Built A City. 9.55 Greyhound Racing. 10.20 Welcome to the Ceilidh. 10.45 World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.25 News and road and weather. 5.15 pm Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.25 Election Broadcast by the Scottish National Party. 6.35 The Mary Tyler Moore Show. 11.50 Late Call. 11.55 Love American Style.

SOUTHERN

9.30 am Solo One. †9.55 "The Small Back Room" starring David Farrar. 11.35 Stars on Ice. 1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 People's Choice. 11.50 Southern News. 12.00 Pro-Celebrity Darts.

TYNE TEES

9.25 am The Good Word. 9.30 Stars on Ice. 9.55 Greyhound Racing. 10.20 Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 The Ghost Busters. 11.35 Wyatt's Place. 1.20 pm North East News. 1.30 The New Andy Williams Show. 6.00 Northern Life. 11.50 Maude. 12.20 am Epilogue.

ULSTER

9.55 am Counterpoint. 10.20 Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 11.50 Hogan's Heroes. 12.15 Bedtime.

WESTWARD

9.30 am Friends of Man. 9.55 Greyhound Racing. 10.20 Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Westward News Headlines. 6.35 Crossroads. 10.48 Westward News. 11.50 George Hamilton IV. 12.20 am Faith for Life.

YORKSHIRE

†9.30 am Man in the Moon (film) with Kenneth More. 11.05 Cartoon. 11.10 Clue Club. 11.35 Showjumping with Harvey Smith. 1.20 pm Calendar News. 6.00 Calendar. 6.35 Crossroads. 11.50 Take the Mick.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

‡5.00 am News Summary; Weather. 6.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton including 2.45, 3.45 Sports Desk (S): Racing from Epsom. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.40 Election broadcast by the Labour Party. 6.45 Sports Desk. 7.02 Robin Richmond. 7.30 Listen to the Band (S). 8.00 European Soccer Special. 9.30 (join VHF) The Impresarios. 9.55 Sports Desk. 10.02 I'm Sorry I Haven't A Clue. 10.30 Hubert Gregg. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Richard Clegg (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News.

Gardeners' Question Time. 10.30 Service. 10.45 Story. 11.00 Listen In. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Burkiss Way (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S).

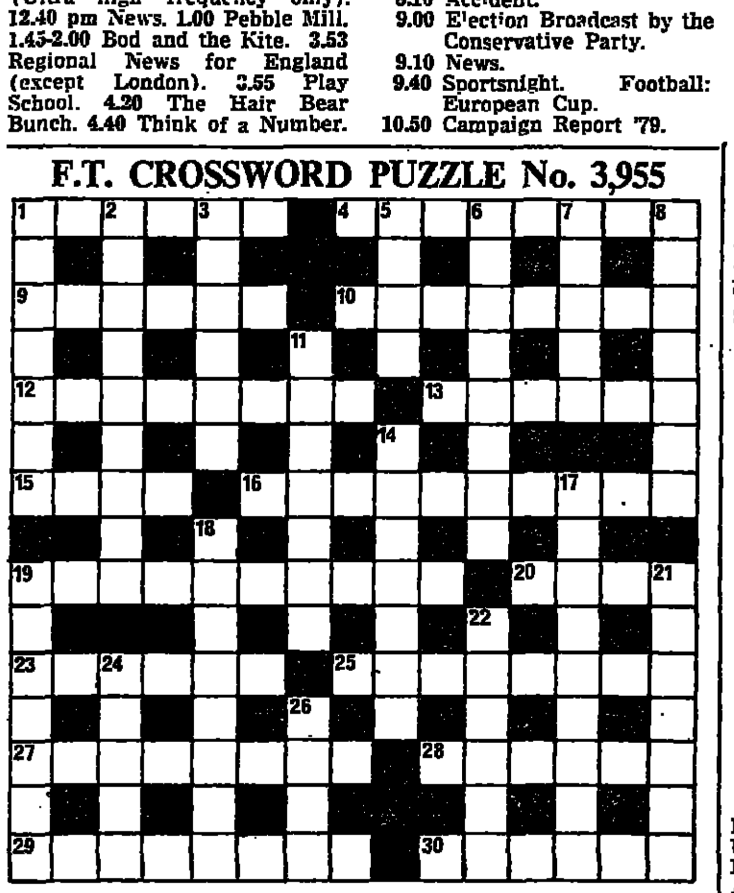
RADIO 4

RADIO 1

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,955



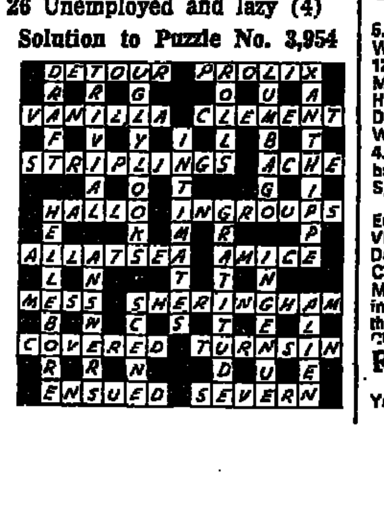
ACROSS

1 I must appear in the factory to be flexible (6)
4 Vicar accepting word of surprise is sour-tempered (8)
9 Blow that is received initially from sword (6)
10 Flog back one of four suits from driver? (4-4)
12 Joint that's hard on motorway (8)
13 Refuse collector taking wood and tin (3-3)
15 Left nothing in cut of meat (4)
16 Clean coat for author's work (4-6)
19 One who loves toffee with cordiality (10)
20 Check that pot's returned (4)
23 Village in Perth or Peebles (6)
25 Food transporter encourages parasites (3-5)
27 On the way up to ventilate parts of hospital (8)
28 Discussion about mammal in river (6)
29 Anchor in front of endless reef for Indian food (8)
30 Thoroughfare or tree in thoroughfare (6)

DOWN

1 Fish a half of Solent in shade (7)
2 Is to make progress outside and perform without preparation (9)
3 Want the French to irritate (6)
5 Fail to drive straight? Blow! (4)
6 Career over bridge and it could shorten it! (4, 4)
7 Souvenir learner found in rice mixture (5)
8 Taxi I catch is full of ministers (7)
11 Declined to accept rubbish on top of dump (7)
14 Charge for keeping silver in shop (7)
17 Gull in pool, we hear, followed by water disturbance (9)
18 Strike and check one side (8)
19 Misfortune having television returned (3-4)
21 Excuse coming before vicar's theme (7)
22 A bouquet on the way up (6)
24 Rowed about winding road round the east (5)
26 Unemployed and lazy (4)

Solution to Puzzle No. 3,954



Banqueting House, Whitehall

English Bach Festival

by NICHOLAS KENYON

Musical London's annual fireworks display burst into life again on Monday. As in all the best fireworks parties, there's a quality of wild unpredictability about Lina Lalandi's flamboyant festival: *some of the* displays fizzle out, some shoot in quite unexpected directions, some glimmer and are lost without trace, and others shine with an illuminating glare which dazzles the eyes.

The most consistently revealing light of the last few festivals has been directed on the French baroque repertoire, and what it has shown us can be summed up in half a sentence: *you can't* understand this music until you see it danced. Only Miss Lalandi would have the nerve to present an evening of baroque dance in an unraked hall (even one so elegant as Inigo Jones' Banqueting House), mixing French and English music and costumes in a curious manner; but, at least from a privileged position in the front row, the results were remarkable.

The poise and style of the Festival's dancers, trained for several years now by Belinda Quirey and Michael Holmes, has increased; the twisting hand gestures, gracefully jerky steps and swirling circles of the girls' skirts and men's head plumage all have real balance and grace and lack *only fiery precision*—authentic or not, I cannot judge, but it matches the drawing and engravings one has seen. Last night they illuminated Jean-Féry Rebel's superb display-piece *Les Elèments*, a flurry of earth, air, fire and water specially written to show off the talents of Paris dancers after the evening's opera had finished.

Disappointing that Mr. *Holmes did not grasp the nettle* of choreographing the marvellously original opening depiction of the elements emerging from chaos (represented by a vivid tumble of all eight notes of the scale on top of each other): but each element displayed its characteristics with beautiful formality in the succeeding dance movements. More surprising, because the music is much more familiar, was the treatment of Handel's Water Music (in what one must imagine was a court performance—the movements would have been a danger to life and limb aboard a Thames barge).

Here the performance proved that we usually play this music with too violent extremes of speed: a relaxation of tempo and clarity of articulation were *both* necessary and welcome in the fast movements (like the famous Bourrée, where the dancers' grace forced the players to give the music space to breathe), while the continually *rhythmical*, walking pulse of the immortal Air never flagged as the dancers wove their subtle patterns around it. (Miss Quirey showed real musical sensitivity here: an elegant raising *of the heels over* the music's bar lines exactly matching Handel's suspensions.)

Perhaps wisely, the baroque band played without a conductor: violinist Simon Standage and harpsichordist John Toll led the proceedings with verve—there was nothing wrong with the lively playing that a couple of extra rehearsals would not have cured, and the sonorities of the original instruments were given a lovely bloom by the perfect double-cube of Inigo Jones' building. Why does no one design high concert halls any more?

Leonard Burt

Gwen Watford, David Burke, Dinsdale Landen and Angela Down

Ambassadors

Bodies

by MICHAEL COVENEY

The most interesting character in James Saunders' menopausal (I do not use the adjective necessarily in a derogative sense) comedy is the offstage Simpson, an obviously intelligent student of headmaster Mervyn who has driven *himself on a motorbike through* a brick wall. Mervyn gets terribly drunk over this and other matters relating to his previous adultery with Helen, whom he foolishly imagines was acting out of *lustful* instinct rather than, as is the case, mere revenge.

For Mervyn's wife, Anne, was caught in a lusty intrigue with Mervyn's old chum in advertising, David, eight years ago. Since then, Helen and David have fled to America where he has suffered a nervous breakdown and the two of them have undergone some curative psychotherapy. It is all rather an incestuous *Who's Afraid of Virginia Woolf?* without the jokes and without the real insults, for, until Mervyn gets drunk, things are managed in a frightfully polite manner, with spotlights going up and down on the four actors with monotonous regularity. And as Mr. Saunders ensures that only Mervyn comes anything like a poor second in our sympathy to *old Simpson (who, incidentally*, would have hated this play), much of the evening became pretty tedious.

We meet the characters before and after a dinner party reunion, and a sure sign of dramatic implausibility is the fact that, after the interval, the only one of them who says anything of note or moment is Mervyn, with whom, presumably, Mr. Saunders identifies. Mervyn's words are well-turned and syntactically coherent, which may be enough to render the piece outstanding by West End standards. But he *cannot* talk to David, while the women even more implausibly, do not even *try* to talk to each other. Mervyn's monologue, in which he ponderously suggests that if Keats had undergone this therapy treatment he would *never have got round to writing* decent poetry, is a relative high point.

Not many people would disagree with that, so the target of the play's discussion suddenly looms remarkably small. As a comment on bourgeois post-prandial *mores*, the comedy soon wears thin, not least because after two minutes *the stage is incredibly boring to look at*, with its upturned *grey spongy furniture* and small turnover of riveting protagonists.

Dinsdale Landen is extraordinarily adept at curbing his outrageous comic gift in a vain attempt to make the play seem more important than it is, and the other docile cyphers of Mr. Saunders' organised wisdom are Gwen Watford, Angela Down and David Burke. The director of a production that originates from Hampstead Theatre is Robin Lefèvre.

King's Head

Ladybird, Ladybird

by MICHAEL COVENEY

The Gems family are keeping us busy these days. Jonathan has just made his mark—the first, hopefully of many—at the Bush, while his mother, Pam, is responsible for this extraordinarily spare and touching little lunchtime piece at the King's Head. Mrs. Ashley (Janet Henfrey) lives in a bleak flat with two teenage children. Her younger two boys have been taken into care. Mum is on tablets for her stomach trouble and *refuses to see* a specialist. An upper class social worker (Angela Carroll) does not help when she calls round.

It is like the background story to the sort of snippet in the newspaper you can read any day of the week. Miss Gems is a feminist writer, to be sure, *but she is never raucous*. She distils these social problems with such care and sensitivity that their reverberation in our own lives is always assured. She is greatly aided by the sympathetic direction of Sue Parrish.

Ladybird, Ladybird is preceded by a 1973 monologue by Miss Gems for a young girl, just out of hospital, who is waiting to see a prison psychiatrist about the death of her baby. Teetering edgily on the brink of total collapse, the girl (Carole Harrison) unsettles the audience with sexual boasts and taunts, inviting us to join her in song. The silence is dreadful.

Television

A listless campaign on the screen

by CHRIS DUNKLEY

There are just eight days to go until we can all make our marks on our little pieces of paper, go home, open a bottle, and switch on. If we choose BBC-1 we shall find David Dimbleby (following in yet another set of his father's footsteps), Angela Rippon, and Rover (the new computer) all making first-time appearances on a General Election results programme. If we choose ITN we shall find the more familiar team of Alastair Burnet, Peter Snow, and the VT30 computer.

Backing up Dimbleby and *Rippon at the BBC will be a full* supporting cast: Robert McKenzie with his swingometer, David Butler (covering his 11th General Election) with instant psephology, and Robin Day with *his bow tie*, his panel of patient politicians, and — if form is anything to go by — the occasional tel-tale wisp of cigar smoke when the camera cuts to him a bit too fast.

On ITN a similarly well known group will be supporting the main presenters. Anna Ford will be with Mrs. Thatcher, Reginald Bosanquet with Mr. Heath, and Julian Haviland, Leonard Parkin, and Peter Sissons *will all* be in evidence too. On the basis of a survey at 114 polling stations ITN will be offering a forecast of the result as soon as they come on the air. Last time they were remarkably accurate.

Even with the outcome delayed by the slight complication of simultaneous local elections, Guildford or some such *place should* start producing the actual results before midnight (provided they draft enough wages clerks and bank tellers into the count) and television and radio could, *depending on the outcome, tell* us who has won in the early hours on Friday.

The nationwide sighs of relief at the very thought of it all being over are *practically* audible as I write because, as usual, the most common attitude towards the election campaign as depicted on television seems to be one of intense *weariness and boredom*.

To the extent that it is based upon honest individual assessments of the programmes, that reaction may be entirely justifiable. But to the extent that it is, instead, merely a learned response—or more simply a fashionable bad habit—it is, surely, sad and deplorable since it looks like yet more evidence that ours is becoming a tired and effete society.

Which represents chicken and which egg it is hard to say, but as a nation we neither treat politics with much passion nor even direct involvement in the ordinary way, nor organise our broadcasting services so that (outside election campaigns) they can give us a really good supply of political programmes.

John Bright remarked that England is the mother of parliaments, but it is the offspring *overseas which have moved with* the times and extended the logic of representative democracy by taking the television cameras inside their parliaments.

With a *symbolism which can* hardly be missed either here or abroad, mother's original has remained obdurately private, voting repeatedly, if narrowly, to keep the cameras—*in other words the electorate—out. It* is a typically British piece of hypocrisy to claim the virtue of the principle of public access in the form of a gallery while ensuring that in practice the population at large is prohibited from seeing what goes on even though the means exist to enable us all to watch. As a symbol it must stand at the pinnacle of the mountain of *secrecy which engulfs more and* more of British public life like some creeping slagheap.

This is not to suggest that televised debates would always or even usually command large *audiences: clearly most of them* would not. Yet it seems quite wrong to reach that conclusion by assuming an extension of the present public attitude to television coverage of general elec*tion campaigns*.

Anyone who has had the time and the luck to get a seat in the public gallery at the House of Commons knows that during Parliamentary debates politicians do actually argue about real political principles, quite often with passionate conviction. Not all of them of course and not all the time. But enough *of them to prove that their* abilities are not limited to the scoring of petty party political points in which they have indulged so often on television during election campaigns.

It is often claimed that the contrast between Parliamentary affairs and the pettiness of election campaign programmes proves what a bad effect television has upon politicians and politics. But the argument can and should be turned the other way up: if only Parliament were televised as a matter of course, the electorate would have the chance to become more politically conscious and sophisticated, and politicians would not feel it necessary to descend to the depths which they so often plumb at election times in their attempts to woo the viewers.

For this campaign there does anyway appear to have been some improvement, particularly in ITV programmes. Bickering has been less prevalent, though there has still been plenty of it. *This week's Panorama, for* instance, with Francis Pym defending the Conservative Party manifesto against the onslaught of Labour MPs Joe Ashton and Brian Gould might almost have been designed to show Britain's adversative system at its very worst.

And the more expensive, slick and commercial the *Party Political Broadcasts* become,—with the Conservatives hammering away at "Labour's problems" and Labour hammering away asking "What will Tory promises cost?" instead of either side pressing its own basic philosophy (as distinct from piecemeal policies) — the more cynical about such advertisements the viewers become. And rightly so.

Moreover it is unfortunate that *the broadcasters have* failed to sustain, or anyway have not so far achieved in this campaign, the levels of interest and inventiveness in their own programme formulae which *they managed in February* 1974. On that occasion Granada alone introduced two highly successful ideas with *The Granada 500* (in which the public confronted and questioned *politicians) and World In Action's* 3,000 miles on the stump with comments from Richard Crossman and Sir John Foster.

However, even without such programmes (up to the time of writing) ITV are well ahead—and the reason why emerges as one lists their better programmes: in *TV Eye* Llew Gardner has been doing his usual dogged and unrelenting interviews. On *The London Programme* (apologies to readers in other regions) Godfrey Hodgson, chairing a discussion on housing, brought the best out of both Peter Shore and Hugh Rossi. And above all, Brian Walden has at last come into his own at *Weekend World*.

Admittedly one had to sit *through an unforgiveably* tedious lesson on tax before discovering this, and on Sunday morning what's more. Yet when Walden finally started putting Michael Heseltine, Richard Wainwright and Peter Shore through their vivas with a knowledge, liveliness and enthusiasm which recalled his highly effective debating style in the House in his own days as an MP, the wait turned out to be well worthwhile. Quite simply, the campaign came alive because under Walden's accurate and informed probing it became clear that there really are significant differences as well as the notorious similarities in bedrock political philosophy between the three parties.

The common denominator in these programmes is pretty obvious: journalists with a pas*sionate interest in politics*. As it happens Gardner (who was once employed by the Daily Worker) Hodgson (who has worked for the New Statesman) and Walden (who was a Labour MP) have *all held* views to the left of the political centre. Yet that made no difference to their treatment of politicians on these programmes, as all those politicians would no doubt confirm. Television happens at present to be short of the Chris Chataway and Geoffrey Johnson Smith types that it once had.

The significant point is that on *ITV* the journalists serve a function analogous to that of the wartime Pathfinders; not actually joining in the battle but leading the other aircraft to the right places and pinpointing the areas of attack. At the BBC, however, their counterparts such as Dimbleby and Day (whose abilities were simply wasted in Monday's *Panorama*) are obliged to behave more like fighter-plotters, behind the battle, removed from it, and able to indicate the course of events only by pushing things around at the end of a long *stick*.

It is a difference which has been getting more and more noticeable as the campaign has continued.

Brian Walden with Peter Shore, Michael Heseltine and Richard Wainwright: putting them through their vivas with knowledge, liveliness and enthusiasm

New York

Aroldo

by WILLIAM WEAVER

In any preferential list of Verdi's operas, *Aroldo* would not occupy a high place. It is not one of the perennial, popular favourites, nor is it a neglected or flawed masterpiece. The libretto is an awkward refashioning (in 1857) of the earlier and more interesting *Stiffelio* (1850). The music is also based on the earlier piece, though Verdi did considerable rewriting, cutting, and adding. Much of the *music*, however, is splendid; and so the Opera Orchestra of New York has won the gratitude of Verdians here with its recent revival of *Aroldo* in concert form, for a single performance in Carnegie Hall.

The star was Montserrat Caballé, who sang the part of Mina, the adulterous and repentant wife. Caballé, in her stage appearances in recent years, has frequently evidenced a kind of bored detachment; she produces beautiful sounds, but seldom gives them any dramatic tension. Curiously, in concert performances she is much more committed; and in this *Aroldo she was intense, moving, very* much in her part. The sound was not always beautiful, as a matter of fact; but it was always cogent.

The part of Aroldo is less *interesting, but the Italian tenor* Gianfranco Cecchele (except for one misplaced entrance) sang the music accurately and passionately. He too was better in this concert performance than he *has been on the stage recently*. The voice no longer has its pristine sweetness, but it is strong and secure. The baritone Juan Pons was outstanding as Egberto, Mina's noble father. His great aria in Act III was delivered with fire and meaning. The smaller roles were well cast (Vincenzo Manno, in the second-tenor role of the seducer Godvino, deserves special mention for his alert, musical participation).

Eve Queler conducted the Opera Orchestra, the Oratorio Society, and the Westchester Choral Society, with confident control. Her reading was admirably straightforward, coherent, and—in the fascinating storm scene, for instance—properly dramatic. A recording of this *Aroldo* will be issued by CBS.

The range of Mrs. Queler and of her organisation was splendidly demonstrated earlier in the season when, also at Carnegie Hall, she conducted a concert performance of Janácek's *Kátya Kabanová*. The piece is not entirely unknown *here, but it is very rarely heard* (and has not entered the repertory at either of the city's opera houses). It is rarely heard anywhere (outside of Czechoslovakia) as well done as the Opera Orchestra did it. The leading singers—Gabriela Benacková in the title role and Nadezda Kniplová as the Kabanicha—were imported from Prague, and were splendid. But the local talent also shone to fine advantage. William Lewis sang the Czech text like a native and strongly characterised the tormented Boris. Alan Kays was a lyrical, suitably carefree Kudrjás; and Boris Martinovich revealed a rich voice and a secure musicianship as Dikoj. Benackova's voice was, at times, almost too beautiful; the warm tone poured out generously, and it would be ungenerous to suggest that occasionally the sound could have been just a bit more varied. Mrs. Queler clearly loves every note of this magical, quirkish score: she conducted it with welcome awareness of all the shifting *subtleties*, the *little dramas* within the larger drama, the apparent contradictions of character. The audience was, rightly, vociferous in its unstinting praise.

KIDS gala at the Coliseum

KIDS, a small and not very well known charity, has drawn together for the third time an *international cast to take part* in its opera and ballet gala to be held on Sunday May 6 at the London Coliseum (7.30 pm).

Victoria de Los Angeles, Teresa Berganza and the *Bolshoi's Valentina Levko* are among those appearing.

Thomas Allen, Elizabeth Harwood, Raimund Herincx and Pauline Tinsley will be representing Britain while the Royal Ballet Company will be represented by Lesley Collier, Wayne Eagling and Stephen Jefferies. The Sadlers Wells Royal Ballet will dance a divertissement from Coppelia.

London will be seeing for the first time two of the leading young Bolshoi dancers, Nina Prokofieva and Andrei Kondratyev.

KIDS is a national society for deprived and handicapped children.

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Wanted—policy for the EEC

IT IS INEVITABLE, perhaps, that most of the election campaign so far should have been devoted by all parties to domestic issues, and in particular to domestic economic issues. These are, after all, the questions which will most directly affect the ordinary voter, and it is right and proper that the rival and conflicting promises of a more prosperous future should dominate the public debate. Indeed, if there is one question which is fundamental to the campaign, it is: which party is more likely to reverse our decline relative to our main economic competitors.

Prosperity

It is, nevertheless, a pity that the major political parties have devoted so little space to foreign policy issues in their manifestos, and this lack is reflected in a corresponding paucity of foreign policy discussion on the election platforms. It must be obvious to the politicians, if it is not obvious to the majority of voters, that in a relatively open international environment Britain's prosperity depends crucially on our political and economic relations with the outside world, and most especially with the European Community, which accounts for such a large proportion of our foreign trade. Yet it is difficult to deduce from the manifestos that the major parties wish to persuade the electorate of the importance of the Community, or have developed a coherent policy towards the Community.

The one foreign policy problem which has figured prominently so far is the European Community's Common Agricultural Policy (CAP), which the Socialists, the Conservatives and the Liberals have all promised to try to reform. In particular, they all want to freeze (or reduce) the level of the so-called "common prices" so as to eliminate the vast and costly structural surpluses which have bedevilled the Community for so many years, and which constitute the main burden on the Community budget. The reforming thrust of the Conservative position is somewhat blunted by its need to appeal to the farming community: it has promised to devalue the artificial "green pound," thus raising the prices paid to British farmers, and to resist the Commission's proposal for a tax on milk producers which is intended as a deterrent against the enormous dairy surplus. What is difficult to determine from the manifestos is just how the rival parties expect to be able to carry out their promised reforms.

Price freeze

Mr. Sam Silkin, the Labour Agriculture Minister, struggled for many weeks to persuade his Common Market partners to agree to a farm price freeze. All he achieved was a postponement of any central price decision until after the British election, and in the process he sacrificed the chance of a milk levy which might have helped to put some restraint on the cost of the farm policy and thus on the size of the British commitment to the Community budget. If Labour is returned to power, no doubt Mr. Silkin or his successor can return to the fray, but it would be idle to imagine that he will find it any easier to persuade his partners to agree to a price freeze after the election than he did before. The Labour manifesto claims that the party will actually seek to *reduce* common farm prices: and while this is an even more laudable aim, it does not attempt to explain how it will be done.

The fact of the matter is that the Community is a common enterprise, in which decisions taken unanimously can only be changed unanimously. The Conservative manifesto claims that Britain's bargaining position has been damaged by the "obstructive and malevolent" attitude of Labour Ministers, and there may be something in this. A large proportion of the Labour Party remains hostile to the Community, and the manifesto makes this hostility very clear: not only would the party make ministers accountable to the House of Commons before any decisions were taken in the Council of Ministers, but it would seek powers to enable the House to amend or repeal Community legislation.

Scapegoat

The Community is not popular in this country, and it has been made, to a quite excessive extent, the scapegoat for our economic shortcomings. But no government which takes an overtly negative attitude to it can expect to find it easy to introduce reforms which would benefit the UK.

Tackling the steel crisis

THE SLIGHT recovery in the world steel industry which has become evident in the last few months should, in theory, make it easier for companies to proceed with the closure of obsolete capacity and other rationalisation measures. But the danger is that when they see the prospect of rising demand and improving price levels they will be tempted to defer action which, as recent events in France and the UK have shown, can cause serious social upheavals. If they succumb to the temptation, then the recovery in the industry's fortunes will be extremely fragile. It will not be long before the disorderly conditions of the last few years return.

Framework

What happens in Western Europe during 1979 will have a crucial effect on the rest of the world industry. Ideally the Davignon Plan should provide a sufficiently stable framework for the necessary raionalisation programmes to be implemented. But the political obstacles in several countries are considerable. Moreover the upturn in the European market is at best patchy. Whereas the U.S. steel industry is operating almost at full capacity, most European mills are still well below the peak production levels of 1973-1974.

The Davignon Plan was designed, among other things, to limit low-priced imports from third countries and to stabilise the European market through a syste mof recommended production levels and minimum prices. The system has not worked perfectly and there continue to be complaints that certain producers are flouting the Commission's guidelines. But the degree of voluntary compliance by European steel companies has been greater than many observers had expected.

Duplication

At the same time the Commission has sought to discourage, with some success, unnecessary investment in new capacity; there have been several cases where Commission officials have quietly persuaded companies to drop or alter schemes which would have led to duplication of facilities. But the Commission cannot force companies to close down inefficient plant, nor can it have a direct influence on those countries, such as France, Belgium and the UK, whose failure to modernise their steel industries over the past ten-15 years has created the need for drastic structural adjustments to be achieved very quickly.

The Davignon Plan was never intended to last indefinitely. The Germans, in particular, would like a return to the free market sooner rather than the later; as the most efficient producers in the Community, they stand to benefit most from the restoration of competition. The willingness to see the scheme continue, at least until the end of this year, will depend in part on the speed with which other countries put their houses in order. They have made it plain that if countries like the UK and Italy continue to grant apparently open-ended subsidies to their state-owned steel producers, they might decide to go it alone. Of course the Germans have as much to lose as anyone else from an outbreak of beggar-my-neighbour policies in European steel, but their impatience over government-subsidised competition will make their participation in the Davignon Plan increasingly reluctant.

Profitability

In view of the depth of the recession which the industry has been facing it is perhaps surprising that national protectionism, whether in the form of subsidies or of import controls, has been kept in check. Even the American trigger price system has not prevented a substantial inflow of imported steel, though it has certainly helped to raise the general price level. But unless the Americans use their newfound profitability to make themselves more efficient, there will be pressure on the Administration to use the trigger price system in a more strongly protectionist way.

The Europeans face a more difficult set of problems, partly because profits are depressed and partly because of more determined resistance from the employees and communities concerned. The experience of France and the UK shows that the longer solutions to these problems are put off, the more painful they become. The nettle has to be grasped this year.

The clouded aftermath of the riot at Southall

Policemen crouch behind their riot shields in Southall on Monday.

SOUTHALL, WITH one of the largest immigrant populations in the UK, was yesterday counting the cost of Monday's bloody riot, which left one man dead, scores injured and police and demonstrators battered and bruised.

This is not the first time that Anti-Nazi League supporters have clashed with police while attempting to disrupt National Front meetings. However, the strong involvement of many of the local immigrant population in many of Monday's violent scenes would appear to be in marked contrast with the Lewisham riot of August, 1977.

Then the battle was between largely white demonstrators, most of them imported into the area to stage a counter demonstration against a National Front rally. Eye-witnesses of the Lewisham clash—comparing it with Monday night's battle—say that there was a much smaller degree of involvement by local coloured people.

Unlike the Lewisham affair, the birth of the Southall riot appears to have been a violent clash between local Asian youths and police which took place several hours before the main Anti-Nazi League demonstration was to start.

The Anti-Nazi League founded 18 months ago in response to National Front success at GLC elections, started out as a loose coalition of moderate and Left-wing pressure groups. The basis of the ANL is the triumvirate of Mr. Paul Holborow of the Socialist Workers' Party, Mr. Peter Hain, the anti-apartheid campaigner, and Mr. Ernie Roberts, former assistant general secretary of the AUEW. Under their leadership the league has drifted away from being a relatively catholic collection of trade unionists, Labour politicians and local councillors towards the more dogmatic line of the Socialist Workers' Party.

This tendency seems to have won the League support among young West Indians who make up the backbone of the League's frequent rallies. But adherence to SWP views has also cost the League the backing of many of its original moderate supporters and of members of the Jewish community, one of its most potentially powerful natural allies in fighting neo-Nazism. The Jews cannot accept the SWP's virulent anti-Zionist and pro-Palestine Liberation Organisation stance.

Statements made yesterday by Southall immigrant leaders suggest that relationships between the police and local residents — particularly the young — may not have been good for some time. And this may have been an added ingredient in the violence.

This, however, still begs the question of how much of the violence may, or may not, have *been organised by the counter* demonstrators, and how much was purely spontaneous combustion.

The police view appears unequivocal. A senior police officer said yesterday that it had been known for some time that violence was likely and talked of *agent provocateurs* being in the area for several days ahead of the riot.

This view is totally opposed by the Anti Nazi League and the Indian Workers Association, prime movers in organising Monday's counter demonstration against the National Front. Both the ANL and the IWA strongly criticised the police for over-reacting and using brutal methods.

A meeting of Southall Asians organised by the IWA yesterday called for coloured people in Britain to support a nationwide protest campaign against police handling of the affair.

Special criticism was made of the Special Patrol Group—a volunteer force of around 200 officers to provide back-up services for major investigations and also often to assist in the control of political demonstrations.

Mr. Martyn Grubb, principal community relations officer for the nearby Borough of Ealing, of which Southall is part, said: "Some of the violence was provoked by the police. The Special Patrol Group were responsible and it was they who were involved in the worst incidents. I think some of the police behaviour was disgusting."

Mr. Paul Holborow, National Secretary of the Anti-Nazi League, said that there was evidence that the death of Mr. Blair Peach, an ANL supporter, in Monday's demonstration was the result of a police charge.

Other allegations included coloured youths being pushed to the ground and beaten, Asian women being clubbed and sustained police abuse, largely aimed at immigrants.

Officially the police are saying little about these allegations ahead of a report to the Home Office and pending a coroner's inquiry into the death of Blair Peach.

However individual officers at Southall yesterday were bitter about Monday night's events and subsequent criticism.

Officers reported repeated unprovoked attacks on police: incidents of "noxious substances" being squirted in the faces of officers, windows being smashed and passers-by being intimidated. "They asked for what they got," said one particularly bitter police constable who had been present during and before the riot.

The police were undoubtedly well prepared for Monday night—on the basis of what they say there was prior knowledge that violence would be used by at least some of the opponents of the National Front meeting.

Around 3,500 police were drafted into the area and Mr. David Helm, deputy assistant *commissioner* of the Metropolitan Police, was in charge of the operation. Not since the Grosvenor Square demonstration against the Vietnam war in the late 1960s has an officer of such senior rank headed such an operation.

The police may or may not be correct in their supposition that violence was planned by some of the counter-demonstrators, but clearly there were very strong feelings among some sections of the ANL that Monday's National Front meeting should not be allowed to take place.

Last week's edition of the Socialist Worker quoted Paul Holborow as saying: "The Nazis must not be allowed to get anywhere near Southall Town Hall."

However, the wide spread of political persuasions of people within the ANL—linked purely by their opposition to anti-racial policies and the National Front in particular — makes examination of the motives and operations of this organisation extremely difficult.

Mr. Peter Hain, a member of ANL's steering committee and a leading spokesman for the organisation, stresses that the *ANL does not go in for* "punch-up politics."

"Around 95 per cent of our demonstrators are peaceful, like the carnivals organised last year. We do try to organise marches and demonstrations *properly and* ask *supporters* to behave in a disciplined fashion," said Mr. Hain.

There are however some activists within the ANL ranks who have indicated that they at least are prepared to use violence when prevented from pursuing what they regard as a just cause.

Mr. Hain himself admits that there are widely differing views within ANL as to how its objectives should be achieved.

He was at pains however to stress that violence erupted among local people long before the counter demonstration was due to take place. "Also," he says, "out of the 2,000 ANL supporters at the demonstration, around half were local people."

Allegations and counter allegations are likely to continue for some time yet but the bitterness may remain for a lot longer and there is no guarantee that similar tragedies will not be repeated during this election campaign.

Mr. Holborow said yesterday: "We will continue to stage counter demonstrations wherever the National Front meets. It is our intention to *decimate* the National Front vote.'

Roger Boyes
Andrew Taylor

An essentially permissive law

LEGISLATION COVERING the *right to hold public meetings* and processions is almost entirely confined to the Public Order Act 1936. The Act was introduced following a series of clashes between the British Union of Fascists and the Com*munists*.

The basic analysis of politicians at the time has been echoed by their successors to this day. It was simply that a demonstration by one set of extremists tended to lead to a *counter-demonstration* by another. Thus the clashes were inevitable and were in many cases quite deliberately planned.

The Act is essentially permissive. Even where it gives the power to ban processions—with the consent of the Home Secretary—it is even-handed. Thus if the police have reason to believe that one particular *demonstration is likely to lead* to trouble, they can apply for it to be prohibited. If granted, however, the prohibition applies not only to that particular demonstration but to any others planned in the relevant area for *a limited period*.

The clear intention is to avoid discrimination between one set of demonstrators and another.

The part of the Act covering public processions has been used quite frequently and was *applied in London as recently* as last year following rioting in Lewisham. Mr. Merlyn Rees, the Home Secretary, told the House of Commons on February 27, 1978, that the Act was being reviewed and the Labour Party *manifesto for the general election* repeats the promise to attempt to clarify it. But it has proved consistently difficult to *find anything better*.

One of the problems is that it is hard to legislate about public meetings without restricting freedom of speech. The right to hold a meeting is a fundamental one, and the law covers *only what happens there*. The 1936 Act lays down that "any person who in any public place or at any public meeting uses threatening, abusive or insulting words or behaviour with intent to provoke a breach of *the peace or whereby a breach* of the peace is likely to be provoked is guilty of an offence."

The trouble is that the offence has to take place before anything can be done about it. It *cannot be assumed that the* holding of a particular meeting might lead to the offence taking place and the meeting therefore *banned accordingly*.

The Race Relations Acts of 1965 and 1976 drew heavily on the language of the Public Order Act in their attempts to outlaw incitement to racial hatred. The 1965 Act indeed *followed it almost verbatim in* describing as an offence the use of words which are "threatening, abusive or insulting . . . with intent to stir up hatred against any section of the public."

The 1976 Act went further and dropped the provision about "intent." It became sufficient to prove that the words had been used in circumstances that were likely to stir up racial hatred. But again the words had to be used before any action could be taken. It was not sufficient to argue that they might be used.

The *other deficiency* in the 1936 Act, which came out clearly in the events this week, is that there is something between a public meeting and a public procession. The Anti-Nazi League was not holding a procession in the strict sense. Its activities were therefore not covered by the Act.

This is a loophole open to anyone who wishes to exploit it. As is clear from their notices in such papers as the Socialist Worker, the ANL simply organised itself without ever calling for a formal demonstration or procession. But it is one matter to point out the loopholes and another to fill them in without striking at fundamental liberties.

Malcolm Rutherford

National Front beliefs

For Mr. Martin Webster, the National Front's organiser and best known figure, the incidents around Southall Town Hall on *Monday* night were the end-product of a century of British political decline, greatly exacerbated by 30 years of liberal immigration policies.

The result, in his view, is a nation which has taken upon itself responsibilities without power. The responsibilities were, he says, embodied in the British Nationality Act of 1948, extending British citizenship to the people of the Empire, and opening the door to successive waves of immigration. The process, he maintains, is bound to upset the natural order of things.

"The reason why we say increasing trouble is inevitable is this: people come together to form a nation. They evolve a body of laws and a national psychology which suits them. When other peoples—Indian, West Indian and so on—are introduced, they bring their own traditions. They are bound to clash," Mr. Webster says.

The National Front's analysis does not end there. As its manifesto—"It's our country, let's win it back"—makes clear, the organisation regards certain races as inherently inferior to whites. In its section on education, for instance, the manifesto states that "genetic differences render it impossible for these children (black and Asian) to compete equally on average with children born of British or European parents."

The "cultural clash" view allows the Front to regard Southall as part of an inevitable historical movement: the overtly racialist position encourages it to advocate repatria*tion as the only possible policy* which will meet the needs of the British—who, to it, are, by definition, white.

The middle class, according to Mr. Webster, has lost its capacity to rule, and has retreated *into* timorous respectability. It is in the working class—and he sees the Front as a working class movement, admitting without regret that its middle class support has waned—that the requisite *militancy* and latent patriotism can be nurtured.

"My people tell me we have massive support among football crowds. It's there where the cultural inhibitions are dropped, and the youngsters *can respond as a body*. Cultural nationalism is now part of the traditions of working class youngsters: you'll see it reflected when they can vote."

In comments like this, and in the appeal of the manifesto for a "new type of man," together with a programme of economic nationalism and a view of bourgeois culture as "decadent," the Front strikes a number of chords closely reminiscent of the themes in Italian Fascism and German National Socialism — ironically, as its more notorious racialism receives less stress.

However, it is uncompromising racialism which keeps it so highly visible and which will continue to provide a battle*ground for a number of forces in* British society. The Front is not concerned with rtspectability or consensus in the sense in which they are currently understood: it is concerned with confrontation, and it makes sure it will get it.

John Lloyd

MEN AND MATTERS

Untangling the crossed wires

It now looks likely that striking civil servants who have *halted government computers* for two months will be back to work next Monday. As people in all walks of life have found, the immediate effects were at least annoying, and often financially damaging. But estimates vary greatly as to the longer-term consequences for the country.

The unions involved tend to take the most sententious view of what the strike has done. At the head office of the Society of Civil and Public Servants I was told: "If the Tories get in, they are sure to accuse Labour of leaving the Government in chaos."

Certainly there have been no trade figures since January, and even if the strike ends this weekend there may not be any before the General Election. But there is little likelihood, in Whitehall's view, that a future Chancellor will be short of figures on which to base a budget. There are cynics who argue that since government forecasting is so fallible anyway, a little less information here and there will not matter much.

It is in more down-to-earth ways that the computer shutdown will leave its mark. A backlog of about 100,000 company searches may take months to clear. Confusion reigns in the VAT jungle. There is also a possibility that the unions will "black" operations to integrate into the computer system the "manual" payments made during the strike to major defence contractors.

The unions also tell me that they might not look with favour upon any scheme to farm out computer work to private firms as a means of catching up.

There is one bright spot, however, for those with gambling proclivities. It should not take long to rattle off two months of "frozen" Premium Bond winners.

"Now we will be able to afford a proper underground camp site for Bank Holidays"

Moving feasts

Attracted by a vision of two ladies in Victorian dress at the end of a corridor of the Charing Cross Hotel yesterday, I found myself being ushered into a large room full of professional railway buffs. Someone was saying urgently: "We think there's room for making sandwiches a lot more exciting." A colour slide illustrated this concept.

The occasion turned out to be British Rail celebrating the centenary of the first buffet car, the enterprising brainwave of the Great Northern Railway. No menus survive of that first run from Leeds to King's Cross, although 20 years later first-class passengers could have lunch for 2s 6d, and dinner for a shilling more. In third-class, 2s 6d procured a five-course dinner including boiled cod with oyster cause with mutton and veg to follow (coffee 4d extra).

Even allowing for inflation that is a mere £2.80 in 1979 prices. But of course, inflation is not the only thing that has changed.

A spokesman for BR's catering wing, Travellers X-Fare, tells me that business in the restaurant cars is not very price-sensitive: "First-class travel is nearly all business travel, of which a large proportion is on the firm . . . Second-class passengers tend to use the buffet." The lesser breeds will no doubt be pleased to hear about the sandwich excitement being prepared for them

Canny Scots

I gather that Alcoa, the world's largest aluminium producer, is to find out whether the success of its beer-can recovery programme in the U.S. and Australia will be repeated in Britain. The idea has many advantages. Environmentalists love it; it saves resources, and far more important, reprocessing cans uses only 5 per cent of the energy needed to make them from the raw material.

North America now recycles one in four of all cans produced. During 1977, 6bn were handed in by the public—which was in turn rewarded with payouts totalling $45m.

Alcoa says the present annual sale of 500m beverage cans in Britain does not justify a recovery programme. But as sales increase, it is likely to become more economic. So the company is to try out next month a pilot programme with Leeds City Council, which already collects textiles and paper for recycling. A tie in with Oxfam is also planned.

Alcoa also has its eyes on Edinburgh to experiment with the U.S. "cash-a-can" programme. This is not, apparently, because of the Scottish reputation for thrift. It has more to do—says Alcoa tactfully—with their drinking habits. A local brewery sells *a vast amount of beer in cans*, and Edinburgh is thought to be exactly the right size for the experiment.

Citizens are to be issued with little magnets and a formula: "If it doesn't stick, it's aluminium." The Scots are to be offered ½p a can, which for the heavier drinker might make a useful contribution to the beer money.

Key man

Denys Parsons claims to be the only Old Etonian working as a piano tuner; he also thinks he is probably the one person in the business with an MSc. "I've tuned 21 this month," says Parsons proudly.

He admits to being a late starter at 65, but reckons that the shortage of piano-tuners around Highgate, where he lives, opens up the prospect of a new career. Parsons was for more than 20 years with the National Research Development Corporation, then ran the information service at the British Library until retiring last month.

Why tune pianos? "I need the money," asserts Parsons. But he also seems to be one of those people who cannot resist odd-jobbery, and boasts of having renovated for Lord Bath at Longleat a macabre Victorian automaton which takes its own head off.

Between one thing and another he has compiled 13 books of newspaper howlers. I asked whether authorship would not be more seemly and rewarding. "Absolutely not," retorted Parsons. "There's no money in it.

Brotherly love!

Have you heard about the union general secretary who was taken *seriously* ill and *rushed* to hospital?

On coming out of the anaesthetic he was gratified to see the union president standing at his bedside. "The executive has sent me to wish you a speedy *recovery*," *said the president*.

"Thanks," said the patient, "that is really very good of you."

"Yes," said the president, "the voting was nine for, five against, and three abstentions."

Observer

Union power: how America copes

BY JOHN WYLES IN NEW YORK

U.S. LABOUR LAW IN OUTLINE

WAGNER ACT 1935: guaranteed unions' rights to organise and bargain collectively; created the National Labour Relations Board, with powers to investigate and adjudicate allegations of "unfair labour practices." The Board was also empowered to run union recognition elections through secret ballot.

TAFT-HARTLEY ACT 1947: reflected congressional reaction to a wave of post-war strikes and to employer resentment of the NLRB's use of its powers in remedying unfair labour practices. Unions were required to file reports on finances and internal procedures; pre-entry closed shops were declared illegal, and states were empowered to pass "right to work" laws outlawing post-entry closed shops. The act designated unfair labour practices applicable to unions, gave federal courts powers to enforce labour contracts and the President powers to seek injunctions against strikes which cause a "national emergency." A Taft-Hartley injunction requires a return to work for a 60 day cooling off period.

LANDRUM-GRIFFIN ACT 1959: aimed at eliminating corruption within unions through elaborate reporting requirements and through a "bill of rights" for union members governing union meetings, elections, eligibility for office and disciplinary procedures.

MANY EUROPEANS, particularly the British, are frequently in awe of the way in which Americans run their industrial relations. Mr. Geoffrey Howe and Mr. Robert Carr, as they were eight years ago, thought the U.S. system so admirable that they used its legal framework as a model for the ill-fated Industrial Relations Act which so seriously soured relations between Mr. Heath's Conservative Government and the British unions.

Whether U.S. industry is actually less strike-prone than Britain's is not entirely clear. At the moment the casual British visitor to the U.S. might feel less apologetic about his country's record and could draw comfort from a recent 10-day national strike in U.S. trucking, the current shutdown of United Airlines, the country's largest air carrier and strikes in the North East by steel hauliers, milk delivery drivers and New York tugboat men.

But Americans are somewhat less excitable about strikes than the British, partly because they occur within a legally regulated framework which defines legitimate and illegitimate stoppages, and partly because media coverage is more skimpy and generally less anxious to stress the anti-social elements of disputes.

The International Labour Office has produced somewhat suspect comparisons which suggest that between 1973 and 1977 the U.S. lost significantly more production days per 1.000 workers than did Britain. The ILO figures are not really comparable for the U.S. and Britain because they leave out of account the indirect disruption caused by many localised stoppages in Britain. In any case, it is obvious that in the U.S. many major industries, from motors to steel, from chemicals to aerospace, do enjoy longer periods of continuous, strike-free production. Their troubles, when there are any, tend to come in two- or three-year cycles partly because they operate within a system of industrial relations which has no real counterpart in Britain.

Outlawed

The U.S. is the land of legally enforceable agreements, most of which outlaw virtually all strikes during the life of the agreement. Secret ballots figure in union elections and union leaders are assisted in their jobs by phalanxes of lawyers. Most are deeply opposed to unofficial strikes, are firm believers in the value of compulsory arbitration, and are as firmly devoted to a problem solving approach to industrial relations and as convinced of the basic virtues of capitalism as the managers who face them across the bargaining table. — Finding a common approach has been greatly helped by the development of single-industry unions as in post-war West Germany.

Trade unionism in the U.S. is definitely not in the ascendant and nothing points this up more crudely than the answer commonly given to the question why the proportion of the U.S. workforce which belongs to a trade union has been consistently falling for the last 30 years. It is now a little over 20 per cent. The answer is that the harsh industrial conditions and employer aggression which gave rise to trade unionism between 1880 and 1930 have now largely disappeared. As a result, it is said, a majority of working Americans do not see membership of a trade union as either important or relevant for them. In fact, attitudes to unions are rather more hostile than this statement implies. Surveys suggest that unions are seen as a special interest group with formidable lobbying powers in Washington whose goals are fully as selfish as those of big business. More specifically, millions of Americans derive their image of unions from the crusty and often hectoring public appearances of an 84-year-old former Brooklyn plumber, Mr. George Meany, for more than 30 years president of the American Federation of Labor-Congress of Industrial Organisations (AFL-CIO).

Mr. Meaney's admirers contend that his political skills are matchless and that age has not diminished his powers to play a weak union hand as though it were packed with aces.

His critics do not agree, and some suggest none too tactfully that the American taste is for a more youthful style of leadership and professional dynamism. Image and professional dynamism are not the pre-occupations of a union movement dedicated to a social crusade, to achieving political change through collective action. But this is patently not the purpose of American trade unionism whose foundation stone was laid by Samuel Gompers in 1886 with the creation of the American Federation of Labor as a relatively loose collection of unions dedicated to protecting the interests of craft and skilled workers. Gompers forged the cautious conservatism of American trade unionism which stressed the satisfaction of immediate demands rather than collective utopian ends. His legacy is the engrained belief that political goals should be pursued by political methods, not by collective industrial action advocated by syndicalists and others.

Detailed regulation of labour relations in the U.S. dates from the Wagner Act of 1935 which, together with the Taft-Hartley Act of 1947 and the Landrum-Griffin Act of 1959, has nailed together a powerful framework for regulating union activities. But because these laws are seen by unions to be ensuring freedoms supposedly guaranteed by the Bill of Rights, their existence is non-controversial. The laws, collectively known as the National Labour Relations Act, are aimed at striking a balance between the rights, duties and obligations of workers and management. In the last 30 years there have only been a source of dispute when one side or the other felt that the balance needed to be altered in its favour.

The AFL-CIO's current pre-occupation is to amend the law so that employers have less scope to frustrate union recruitment, but neither it nor most of its affiliates have much interest in changing the balance of power between employers and workers. Many British unions would find this balance intolerable. "The assumption in this country is that management has the initiative. It has the authority to direct the work and workers have the responsibility to carry out orders unless health and safety issues are involved." Those are the words of a senior executive of one of the largest U.S. corporations. Health and safety is an issue which is generally exempted from the no strike-no lock out clauses to be found in the contracts covering most major industries from autos to steel, and which are in force for the duration of the contract.

Can be sued

The no strike-no lock out clause gives most major industries a very strong guarantee that production will not suffer serious disruption. While not stipulated by law it owes its existence to the fact that unions can be sued for breaches of the contract. That has encouraged them to agree to procedure based principally on arbitration for settling grievances during the life of the contract.

Because contracts are enforceable at law they have been raised to a position of paramount importance in industrial relations. Following a pioneering agreement between General Motors and the United Automobile Workers in 1948, all major contracts now run for two or three years. That tends to put pressure on both sides to define their objectives and to try to anticipate and provide for difficulties which will arise during the life of a contract.

The long term contract satisfies the employers' desire for stable and predictable costs and for a lengthy period of relief from the demands of collective bargaining. Many unions have similarly appreciated a lightening of the negotiating burden. But their support for the long term agreement has also been secured by granting pay increases which may adjust to inflation or the company's increased profitability, by including cost of living adjustments payable during the life of the contract and by an extra payment which GM called an "improvement factor."

All the evidence suggests that unions are just as happy as the employers that they bargain away many of their rights to strike. The freely negotiated contract, agreed and signed after much effort, symbolises a union's raison d'être and tends to underpin the authority of its leaders. An unofficial wildcat strike may carry with it the risk of loss of employment for those who lead the action and a financial penalty for the union. Thus, shop stewards have a range of local negotiating responsibilities, but they and their members can only stop work over issues exempted from the no-strike clause and then only with the express permission of the governing body of the union.

But all restrictions on strike action expire with the contract and many of the leading U.S. unions then do not shrink from using the strike weapon. These disputes have become set piece rituals and because the next two to three years are at stake, both sides often stand ready to make big sacrifices to achieve their ends. A strike at one of the Detroit car companies every three years has been a regular feature of the last 15 years.

Workers with less obvious industrial power than those in basic industries are often inhibited from striking by the ease with which employers can mitigate the effects of a stoppage. Oil refinery workers have struck in the past but refrained from doing so at the start of this year because they knew production would hardly be affected. Supervisory staff are excluded from the scope of labour laws which means they cannot win collective bargaining rights but they can, therefore, be drafted in to keep operations running. The West Coast paper companies maintained production at around 60 per cent of normal with the help of supervisors, clerical workers and other able bodied. Operations which would be halted in Britain by picket lines are kept going here because of curbs on picketing and because sympathetic action by workers not directly involved in a dispute is outlawed.

Some, but by no means all, U.S. union leaders are aware that the 75 to 80 per cent of American non-agricultural workers who do not belong to a trade union are an implied threat to the movement's future existence. They are a massive reminder of the unions failure to make inroads into the service sector, which has seen the real growth of employment over the last 20 years. Most unions explain their failure to themselves and the world in terms of deficient labour laws which allow employers too many opportunities to frustrate recruitment through intimidation or propaganda.

But that is only part of the explanation since those employers are in a minority. Some of the lack of progress is undoubtedly due to the shift of manufacturing industry to the South where the culture is individualist, parochial and hostile to collectivism.

But perhaps as important is the time, attention and effort which many corporations give to monitoring their employees' attitudes and developing policies on pay and conditions to avoid the abrasions and dissatisfactions which they fear might lead to support for a union. Major companies such as IBM and Texas instruments have kept their operations union free and there is little doubt that maintaining a "union-free environment" is going to develop as one of the prime management skills of the 1980s. The desire to keep unions out of a company is not born of any particular class hostility, nor does it necessarily cut labour costs. But it does allow for greater flexibility in the management of the company—fewer seniority rules to worry about, for example—and it does give the management the opportunity to demonstrate what many Americans believe — that modern capitalism is benign and that the trade union movement, like the man on the white horse, should be ridden gently away into the sunset.

Letters to the Editor

Agriculture will suffer

From the Chairman, Country Landowners Association Wealth Tax Working Party

Sir,—Farmers, landowners and other small businessmen have to plan and allow for income tax and/or corporation tax, capital gains tax and capital transfer tax, not to mention development land tax, stamp duty and, of course, value added tax. How are they going to be able to pay wealth tax on top of this?

Agriculture will suffer particularly from a wealth tax. On paper, a farmer who owns 500 acres, and no other assets, probably has "wealth" of £850,000 or more. Wealth tax of £8,000 per year (the scale indicated in the 1974 Green Paper, with the threshold lifted to £150,000) would be more than the profit he could expect to earn after income tax (and how much of that profit would have been cash anyway?). Even if the value of his assets were reduced by half (reliefs were not mentioned in any manifesto) as for CTT, the wealth tax would still be £4,000 per year, and this would be about one third of profit left after income tax. He will have no alternative but to cut back on the labour he employs, or the capital invested in the business so as to make cash available for paying the wealth tax.

The effects of a wealth tax will not be limited to owners of 500 acres of land. In agriculture, owners of much smaller acreages will be caught. The effects of the tax, however, will be more widespread, as investment and jobs are lost, and the small business sector of the economy is progressively weakened. In due course, state agencies will no doubt be created, so that land and other assets may be transferred to them in satisfaction of wealth tax liabilities.

A wealth tax would therefore be the first step in a process of "nationalisation through taxation," and should be resisted as providing for a long-term extension of state ownership and influence.

W. H. Gibson Fleming,
16, Belgrave Square, SW1

Talents that are buried

From Mr. A. MacGregor.

Sir,—Edward James (April 17) states unequivocally that I am wrong (April 5) in suggesting that a wealth tax would be a very acceptable substitute for inflation. He quotes Peter Shore, apparently out of context: "It is indeed folly to dispose of capital and use the proceeds as income" and adds himself "It is indeed and that is what a wealth tax would do." It seems to me that if Peter Shore's party were elected and were to introduce a wealth tax that either Peter Shore himself must become party to such a folly or alternatively prove Mr. James wrong.

The Bible has a story of two brothers who inherit some talents, the first buries his to protect them. The second, generally considered the good example, multiplies his inheritance through trade. Too many of our national "talents" are buried in property, antiques, art treasures and other wasting assets, as well as occupations which produce little wealth, but which are protected against inflation and tax. The misrepresentation of wealth by money along with the inflation and tax system allow the Bible story to be reversed and those who "bury" can win.

One might expect the CBI to give consideration to any idea which might enable some of the "buried" talents to be made available to those who would multiply, even if it meant a wealth tax or the selling off of antiques, such that the proceeds could be invested in future wealth production; this, however, would be no more reasonable than to expect a union not to strike for the "good of the country."

If I suggest a wealth tax which may be offset against income from wealth production, with relief for old age or ill health, the proceeds of which would go to a separate fund to be made available at low interest to potential high risk high profit wealth production, perhaps administered by the CBI, am I still wrong?

When people appreciate that examples like Mr. Gibbs (April 18) portrays of removing wealth from those who are weak are the cause of inflation, even though in that case the subjects are so weak no one bothers to fool them with numbers, and that the only way to stop inflation is to increase wealth, a wealth tax for constructive purposes may not sound so bad.

A. T. MacGregor,
6 Kildare Court,
Kildare Terrace, W2.

Glittering gimmicks

From Professor D. Johnson.

Sir,—I want to share some hopefully relevant observations from the fiscal insanity of New York city. Possibly, as a result, we might consider again what Edmund Burke tried to teach us: ". . . Men cannot enjoy the right of an uncivil and of a civil state together."

The problem of NY became well-known during the unfolding of its fiscal crisis, which resulted in the city becoming a ward of the Federal Government and of New York State. But more is involved here than fiscal madness, and free market economists have been predicting such developments for years: the traditional tools of the welfare state—more money, more programmes, more borrowing, more taxes, more subsidies—failed, showing the limits of Government intervention.

"I do not propose to permit our fiscal problems to set the limits of our commitments to meet the essential needs of the City" — (The 1965 budget message of New York city's former mayor, Robert Wagner). Subsequent New York politicians embraced this philosophy and attempted to repeal fundamental fiscal laws of nature. The "best-in-the-business" employed a glittering array of fiscal gimmicks to hide the simple fact that New York city's spending increasingly exceeded its current revenues. Among these gimmicks were budget notes, phony revenue figures, "capitalised" expenses, siphoning off "excess" pension fund earnings, etc. But as the tricks multiplied so did, obviously, hidden deficits aided by local banks in printing new money for use by local government, and only in small part covered by the steepest taxes in the United States. Related symptoms of the city's illness were subsidised middle-income housing, continued rigid rent controls, tremendous pensions for public employees (including bonus days off for giving blood) and a multitude of other redistribution of wealth measures which came from the welfare state's ideology and presumed compassion and commitment to the "masses."

The main result of all this was (is?) a redistribution out of New York city of capital and labour. Simply put, the tax base and jobs went elsewhere. Perhaps there is a lesson for Britain and the United States in all of this: that social democratic ideals might be better served through the operation of the market economy than through Government intervention.

Dudley W. Johnson.
(Sir John Cass Senior Research Fellow, 1978-79, City of London Polytechnic and Professor of Business Economics University of Washington)
84, Moorgate, EC2.

Investment in car making

From Mr. A. Hunt.

Sir,—Having recently completed many years of staff-management relations at a local level I am a strong believer in the essential role that union representatives can do, and should play. I am always interested in the published views by significant union leaders on their basic thinking.

Mr. Ken Gill (April 17), sees and recognises many problems of the UK motor manufacturing industry with which I would agree; low wage rates vis-a-vis European manufacturers, inadequate research and development effort. I doubt however if Mr. Gill recognises the huge risks of anyone's money (public in the case of BL) in producing new cars which may not be at all popular.

All the major international companies will admit to unsuccessful models at one time or another, and in a competitive real world a mistake is very expensive: why should Mr. Gill or I buy a car that we don't like just because it has been made?

Successful business means sufficient return on money to pay competitive wages in a European context, to production, administration and R and D staff upon whom the future of a company ultimately depends. Also of course the providers of the money need a fair return be they UK taxpayers, UK pension funds or shareholders.

On the broader issue my personal view is this country has too much investment in motor cars already because the return on capital employed is so low; how many cars have to be exported to provide the same profit as a good TV series for example?

A. G. Hunt.
21 Mount Avenue,
Westcliff-on-Sea, Essex.

The Japanese company

From the Managing Director, Newman-Howells Associates

Sir,—The review by Geoffrey Owen (April 23) which relates to Confucian theory highlighted in Rodney Clark's book, "The Japanese Company," refers to the probable decline of traditional support which, individually and collectively, Japanese give to safeguard the interests of their company and their country. This support system seems quite alien to the natural behaviour of a Westerner, except, of course, in times of hostilities, and is probably regarded with an air of faint disbelief by many casual observers of the country. Whether in decline or not, the majority of Japan's workforce is conscious of a responsibility and fear that is guided by unwritten community laws which cause it to support the national image at the expense of self interest.

Why this Messianic attitude? In essence, the Japanese is culturally conditioned to respect the family unit and this extends itself to regard both company and country as a sort of mentor, to be supported rather than challenged. Further, there is a strong competitive element and driving force within the educated Japanese employee which both consciously and sub-consciously influences his public conduct since this is on open display to his employers. There are also other influences and religious persuasions which appear to mitigate whatever inclination there may exist in the individual to stand apart from his colleagues. Such basic ingredients in the make-up of an individual provide ideal material for controlled and responsible behaviour patterns.

It is surely the case that interface with the West will cause gradual changes in the attitude of minority Japanese elements, arising from which the decline postulated by Rodney Clark will become more obvious—although the Japanese may try hard to practise double standards in order to preserve their national heritage, on the one hand, and to create an uncompromising face to deal with Western influences, on the other.

It is interesting, however, to relate two events which clearly distinguish the support attitude of the Japanese employee from that of his Western counterpart. In contrast, one situation illustrates the sympathetic activist and the other the submissive pacifist. Can you imagine it happening here?

When I was last in Tokyo one of the public services announced an all-out strike to demonstrate concern for its wage packet level. It was then stated that the strike would continue for several days—workers would down tools however, from 8.30 pm until 6.00 am each day! Needless to say, disruption to public services was practically zero, but the strikers made their point.

The second situation arose in this morning's mail from Tokyo, the letter read as follows . . . "The Japanese national railroad and major and minor private railways companies union declared a General Strike of 72 hours from April 25 to 27. If it is so that nobody can come to the office due to such conditions our company will decide to alter the official company holiday to those days upon which the strike takes place." Management has made its point and employees accept it.

John M. Newman,
Wolvesey Palace,
Winchester, Hants.

Today's Events

GENERAL

UK: Sir Harold Wilson and Mr. Harold Lever speak at Association of Independent Businesses lunch, London.

TUC general council meeting, London.

National Westminster Bank opens management services centre, London.

President of National Bank of Poland visits London at invitation of Governor of Bank of England.

Overseas: Mr. Harold Brown, U.S. Defence Secretary, briefs NATO Defence Ministers on developments in strategic arms limitation negotiations with Soviet Union (SALT II), at Homestead, Florida.

Mexican trade delegation meets French Atomic Energy Commission in Paris.

Israeli-Egyptian peace treaty ratified in Sinai Desert.

EEC bans imports of apples from Chile until August 15.

Mr. A. B. Vajpayee, India's External Affairs Minister, in Washington for talks on nuclear policy with President Carter.

European Parliament meets in Strasbourg.

COMPANY RESULTS

Final dividends: Border Breweries (Wrexham). E. Fogarty and Co. Futura Holdings. T. C. Harrison. Home Charm. Hoskins and Horton. Jessel, Toynbee and Co. London and European Group. Richardsons Westgarth and Co. Simon Engineering. Smith St. Aubyn and Co. (Holdings). Spillers. Telephone Rentals.

COMPANY MEETINGS

Anglia TV, Anglia House, Norwich, 2.30. Camellia Investments, Grosvenor House, Park Lane, W, 10.30. Change Wares, Barrington House, 59-67 Gresham Street, EC, 12. Dollar Land, Winchester House, 100 Old Broad Street, EC, 12. Embankment Trust, 21 Moorfields, EC, 3. Martin Ford, Winchester House, 100 Old Broad Street, EC, 12. Goode Durrant Murray, Durrant House, Chiswell Street, EC, 10. Molins, Caxton Suite, London Press Centre, 76 Shoe Lane, EC, 12.15. Sale Tilney, 28 Queen Anne's Gate, SW, 12.30. Steetley, Chartered Accountants' Hall, Moorgate Place, EC, 12. Watmoughs, Low Hall, Calverly Lane, Hosforth, near Leeds, 12.

Foseco tops £17m after second half advance

FOSECO MINSEP, the chemical manufacturing group, reports an increase from £14.32m to £17.06m in pre-tax profits for 1978. This follows an improvement from £7.63m to £8.36m in the first six months.

After all charges the net balance comes through at £8.92m against £7.96m with earnings per share stated at 19.4p (17.4p). The dividend is raised by the maximum permitted — from 4.58p to 5.11p, with a final of 3p.

The directors point out that following a change in accounting policy to conform to SSAP 15 no provision has been made for tax deferred beyond the foreseeable future. The comparative figures have been restated. If deferred tax had been provided in full under the liability method the tax charge would have increased by £676,000 (£773,000). The relatively small impact on the tax charge reflects the substantial overseas element in group profits.

	1978 £000	1977 £000
External sales	197,878	174,986
Foseco	146,463	130,781
Fosroc	38,833	33,293
Fosmin	12,582	10,912
Trading profit:	18,802	15,560
Foseco	14,531	12,221
Fosroc	4,350	3,411
Fosmin	920	923
Group management charges	999	995
Net interest	1,739	1,244
Profit before tax	17,063	14,316
Tax	7,285	5,626
Net profit	9,778	8,690
Minorities and pref. dividends	854	728
Net balance	8,924	7,962
Attributable to Ord.	8,616	7,862
Ordinary dividends	2,358	2,100
Retained	6,259	5,762

• comment

Foseco Minsep feels confident that the world steel market will improve further in 1979 after last year's slight upturn helped push pre-tax profits up 19 per cent and boost the pre-tax margin from 8.2 to 8.6 per cent. This is modest compared with the margins recorded earlier in the decade when sterling was falling but strong enough to make the company consider further foreign expansion, with an eye on Germany and the U.S. Foseco already does 92 per cent of its metallurgy business abroad and would be more satisfied with a figure around 96 per cent. Most areas contributed to last year's improvement in metallurgy, though the UK and Japan are viewed with concern. The construction sector, which is also aiming to expand its overseas share significantly, showed the strongest gains in both profit and sales, offsetting a poor performance in the Fosmin division. The company can be expected to make a very attractive interim pay-out if dividend controls are lifted. Shares closed well up at 175p, giving a stated p/e of 8.8 and a yield of 4.5 per cent covered nearly four times.

HIGHLIGHTS

Lex looks at a number of contentious situations which were claiming attention in the City yesterday. The three executive directors of SUITS outlined their reasons for rejecting the improved offer from Lonrho, showing great suspicion of the value of Lonrho's shares. At a lengthy meeting of Mercantile Trust shareholders proved to be decidedly split in their views on the merits of the break up resolutions and the board of Rugby Portland Cement hit back at criticisms contained in the Price Commission report. Elsewhere Lex looks briefly at the latest statistics on the net borrowing requirement of the companies sector. Meanwhile Foseco Minsep reports higher profits for 1978 and takes a confident line on the world steel market this year. Profits at Tozer Kemsley are up from £5.5m to £7.6m thanks to a good performance from its automotive division, though eyes are now turned to the loss of BMW in 1980.

Encouraging for Sandeman after increase to £1.77m

On turnover up from £12.63m to £15.28m George G. Sandemand Sons and Co., the port and sherry group, has lifted taxable profits from £1.4m to £1.77m. At midway the surplus was increased from a depressed £17,000 to £457,000.

The group says the volume of distributors sales during the first few months of this year are good both at home and overseas.

After tax of £753,000 (£781,000) net profit is up from £623,000 to £1.02m. Stated earnings per 25p share are well up at 8.97p, compared with 5.43p. The final dividend of 1.54 net raises the total from 2.31p to 2.54p.

The Board says that in relation to the exchange translation loss, Sandeman and Ca. Lda., Portugal, did an exercise on the replacement cost of port stocks and the figure produced was considerably in excess of book value. This, with freehold properties which are included on an historical cost basis, should go some way to show that there has has been no lasting impairment in the value of the business. The exchange translation is sharply reduced from £2.49m to £616,000 this time.

The charge for UK tax includes £124,000 irrecoverable advance corporation tax of which £20,000 is attributable to previous years. The current year's figure for overseas tax is after a credit of £246,000 from a change of fiscal law in Spain. The estimated future benefit of losses in Spain for which credit has not been taken in these accounts amounted to about £140,000.

• comment

Sandeman's second half profit was just a shade below the comparable period but the strong first half performance (£457,000 against £17,000 in 1977) ensured that the figure for the year as a whole is some 26 per cent up. In the UK the sherry market was quite good but the real growth came from the higher margin port sales. Three years ago port constituted only 40 per cent of group turnover but now the figure is much closer to 50 per cent. The UK port market was a bit flat in 1978 and Sandeman made little headway in terms of increased market share. But overseas, which accounts for around 80 per cent of turnover, showed good growth and the group also improved its penetration. Prospects for the year depend largely on continued growth in the overseas sector plus exchange movements. The shares, at 70p, yield 5.5 per cent and have a p/e of 7.6.

Farnell Electronics goes ahead to £4m

PRE-TAX profits of Farnell Electronics advanced from £3.12m to £4.06m in the year to January 31, 1979 on turnover well ahead at £22.25m, against £18.52m.

At midway the electronic and electrical equipment group had raised the taxable surplus from £1.13m to £1.83m.

After tax of £2.13m (£1.65m) net profit comes out at £1.92m, compared with £1.47m. Stated earnings per 20p share are up from 23.7p to 31.1p.

Attributable profit is increased from £1.47m to £1.93m.

The final dividend of 4.7905p net lifts the total from 6.6p to 7.37p. There is also a proposed scrip issue of three-for-two.

Group properties have been revalued at the year end and as a result £532,000 has been transferred to capital reserves. The figure includes £161,000 depreciation on buildings following a change in accounting procedure. This change reduced taxable profits in 1978-79 by £29,000 (£25,000).

• comment

Estimates of Farnell's profits in 1978-79 proved wildly over the mark and the shares promptly slumped 33p to 490p yesterday on the 30 per cent annual profit improvement. The trouble was that a line had been drawn through the interim performance where profits compared with an exceptionally depressed first six months of 1977. The dull spots last year were once again the consumer electronic goods operations with a static contribution and exports which suffered from high sterling parities and the lack of loud-speaker output. But stabilised power supply manufacture and semi-conductor distribution, making up the lion's share of the business, performed well and have apparently started the current year on budget. That suggests a maintained rate of growth in 1979 and something in the region of at least £4.8m pre-tax. The historic p/e of 15.6 and yield of 2.3 per cent still reflect a glamour rating although, once bitten, the market should be scaling down earlier growth projections.

TKM looks for progress after increase to £7.6m

TAXABLE profits of Tozer Kemsley and Millbourn (Holdings) jumped from £5.52m to £7.63m in 1978 on turnover ahead from £900m to £916m.

The Board says the results for the early months of this year are encouraging in almost all activities, and the group expects substantial progress.

The directors add that the company's spread of activities has been beneficial in increasing earnings—up some 45 per cent over 1977. The heavy losses suffered by the food companies, along with the canning industry in general, have been more than overcome by excellent results on the automotive side. In addition the holiday subsidiary had a record year. Transport and Freight forwarding also did well.

International trade finance and the forest products interests turned in sound performances under difficult conditions. The latter, especially, can expect a much better year.

At the halfway stage the company had advanced from £1.61m to £2.9m.

The year's taxable profit was struck after loan stock interest down from £324,000 to £62,000. Tax takes £1.73m, compared with £1.45m, and stated earnings per 20p share are 11.9p (10.4p).

After an extraordinary debit of £427,000, compared with £234,000 credit, and minorities the attributable profit is up from £4.32m to £5.52m.

A final dividend of 2.5351p lifts the total from 3.0954p to 3.4909p.

• comment

TKM shares added 3p to 59p yesterday and have risen by around a third since the eventual termination of the BMW franchise was announced at the beginning of the year. But a yield of 9.2 per cent and a fully diluted p/e of 4.8 on stated earnings suggest that the market is still wondering how TKM is going to make good the loss of BMW's contribution, probably worth some £4m last year. BMW will stay with the group until the end of 1979 so it will be 1980 before the difficult comparisons may have to be made. By that time, the upturn in forest products should be more pronounced—Price and Pierce made over £3m at the top of the last cycle—and food losses of more than £1m last year should be substantially eliminated. France Motors is now back in profit after a nil contribution in 1978 although it may be difficult to recapture the £2m pre-tax peak of 1976. But the motor division, without BMW, will be down in 1980 and much now depends on the success of the 42 per cent-owned MAN commercial vehicle associate, where the omens look good, continued growth from the four-wheel drive operations and the successful launch of new Mazda and Daihatsu ranges.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Hldgs.	1.42	July 2	1.65	2.76	2.47
Bodycote	1.58	July 2	1.41	3.03	2.72
Danish Bacon	3.56	—	3.51	6.69	6.64
EDITH	1.3	June 19	1.14	2.1	1.82
English Nat. Inv. Defd.	2.07	June 27	1.71	3.18	2.42
English Nat. Inv. Prefd.	1.13	June 27	1.04	2.02	1.83
Farm Feed	—	—	0.66	1.34	0.66
Farnell Elec	4.79	—	4.29	7.37	6.6
Foseco Minsep	3.0	July 6	2.69	5.11	4.58
Grampian TV ...sec. int.	1.64	—	1.5p	2.44‡	2.2
J. B. Hldgs.	0.97	July 5	0.96	1.47	1.06
Linread ...int.	1	June 7	1	—	2.5
Martin-Black	1.0	June 12	2.9	2.0	4.0
J. Menzies	2.12	—	1.19	3.4	2.35
Moran Tea Hldgs. int.	5	July 3	5	—	15
M. F. North	0.45	June 20	0.33	0.58	0.46
Oxley Printing	1.57	—	1.4	2.76	2.49
Sandeman	1.54	June 16	1.31	2.54	2.31
Secs. Trust Scotland	4.05	May 29	7.05	6.1	
Slemssen Hunter	1.59	—	1.43	3.12	2.79
Silentnight	2.53	—	1.83*	3.65	2.67*
Spencer Gears int	0.25	July 3	0.19	—	0.61
TKM	2.53	—	2.27	3.49	3.1
United Carriers	1.95	—	1.63	2.93	2.34

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Applied to Treasury for 0.42p final lifting total to 2.86.

SUNBEAM WOLSEY MEETING POSTPONED

Sunbeam Wolsey, of Ireland, has postponed its annual meeting planned for May 17, 1979. This will result in a change of payment date for final dividends. The company will tell shareholders of the new dates of the meeting and dividend payments when normal postal services are resumed.

J. B. Hldgs. advances to £2.81m

RECORD pre-tax profits of £2.81m in 1978, compared with £2.7m previously, are reported by J. B. Holdings, construction and mechanical engineer. Turnover expanded from £21m to £25.4m.

At midway, profits were up from £928,000 to £957,000 and the directors expected the full-year surplus to be not less than that for 1977.

After lower tax for the year of £1.04m (£1.45m), stated earnings per 10p share are up from 12.56p to 17.42p. With Treasury permission, the net total dividend is stepped up from 1.06p to 1.47p, with a 0.97p final.

ASSOCIATES DEAL

Rowe and Pitman, associates of Hambros Bank, bought for Hambros Bank 10,000 Collett Dickenson Pearce International ordinary shares at 114p on April 23.

M. F. North up to record £0.74m at year-end

TAXABLE profits of M. F. North, hotel proprietor, rose from £582,453 to a record £742,506 in 1978, on turnover up from £3.54m to £4.25m.

At midway the surplus was £190,700 compared with £115,500.

	1978 £	1977 £
Turnover	4,247,594	3,543,391
Hotel trading	3,677,594	3,291,737
Housing dvpt.	570,000	251,654
Trading profit	697,873	582,307
Invest. income	44,633	146
Profit before tax	742,506	582,453
Tax	269,689	266,479
Net profit	472,817	315,974
Extraord. credit	156	*874
To reserve	156	†874
Dividends	137,500	112,550
Surplus	335,317	203,424

* Debit. † From reserve.

After tax for the year of £269,689 (£266,479), stated earnings per 10p share are raised from 1.475p to 2.26p. The net total dividend is effectively increased from 0.4577p to a maximum permitted 0.5825p, with a 0.4475p final. A one-for-four bonus issue is also proposed.

BANK BRIDGE

Shares of Bank Bridge Group closed 16p higher at 56p last night when dealings were resumed.

The requotation follows a capital reconstruction of the Shell company and the subsequent acquisition of Rock Motor Parts from Mr. and Mrs. J. A. Darham. The deal gives the Darhams 72 per cent of Bank Bridge's increased share capital.

The shares were suspended last December pending publication of the new ownership arrangements.

The company intends to change its name to Rock Darham.

EDITH increases to £2.55m: pays 2.1p

TAXABLE revenue of Estate Duties Investment Trust rose from £2.26m to £2.55m in the year to March 31, 1979.

The directors say a record sum was again invested in new business, and there is a substantial volume under negotiation.

Tax for the year took £910,902 (£840,203). Stated earnings per 25p share are up from an adjusted 2.06p to 2.33p and the net total dividend is effectively lifted from 1.8181p to 2.1p, with a 1.3p final. A one-for-ten scrip issue is also propesed.

EDITH is an authorised investment trust specialising in the acquisition of shares in private companies to hold as long-term investments. It is managed by Industrial and Commercial Finance Corporation, which is a subsidiary of Finance For Industry.

SHARE STAKES

Cosalt—Mr. J. M. T. Ross, chairman, has purchased 50,000 ordinary shares and a trust in which he has a beneficial interest has purchased a further 1,700 shares.

City of London Brewery and Investment Trust—London and Manchester Assurance Company has disposed of its holding of £99,500 6 per cent cumulative first preference stock.

House of Fraser—Mr. A. P. Humphries, joint deputy chairman, reports that a trust of which he is a trustee has sold 6,000 ordinary shares.

Hoskins and Horton—London Trust has acquired a further 50,000 ordinary shares thereby increasing its holding to 300,000 shares (11.42 per cent).

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The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability

Mr M G R Sandberg, Chairman,

speaking at the Ordinary Yearly General Meeting on 20th April, 1979 reported...

Mr M G R Sandberg, OBE, Chairman

The Group profit for the year was just under HK$ 727 million and that of the Bank itself HK$592 million. These represent increases of approximately 39 per cent over the same figures for 1977 and have been reached after deduction of outside interests in the case of Group profit and after provisions considered prudent by your Board, in the case of the profit of the Bank. Dividends received from members of the Group are included.

The transfer to published reserves has been substantially increased from HK$60 million to HK$ 100 million and I would not expect transfers to fall below this figure in the coming years.

We are pleased to be able to recommend a final dividend increased from HK$0.47 to HK$0.60. Taking into account the interim dividend of HK$0.20 and the increase in the capital resulting from last year's bonus issue of one new share for every ten held the total distribution to shareholders will have increased by about 35 per cent over last year.

Mindful of the need to keep capital in line with the increasing balance sheet figures your Board is again recommending a bonus issue but this year of a rather larger amount than usual. We are putting forward a resolution of one new share for every two held as at today's date by the capitalisation of HK$577,429,348 from the Reserve Fund. If this is passed the Reserve Fund will be restored by the transfer of HK$400 million from the Bank's inner reserves and a transfer from undistributed profits of HK$177,429,348. After this has been accomplished the undistributed profits carried forward will still be in excess of HK$ 100 million.

To attain this we shall also be seeking approval to increase the authorised capital to HK$2,000 million.

As already announced, although profits in 1979 are not expected to show the same increase as in 1978, your Directors confidently anticipate total distribution in 1979 to be not less than that for 1978. That would mean dividends of at least 54c per share on the proposed increased capital.

1978 has obviously been a good year for your Group and this has been due, in general terms, to growth around the world which in my view has been much better than is generally recognised. This is not to ignore problems, both political and economic, in many areas, but so often bad news makes more headlines than good.

I spoke last year of attempts to make steady rather than dramatic growth. This has not always been achieved and inflation remains a universal spectre. But for all that some of the major areas in which the Bank operates, and none more notable than the ASEAN countries, have growths of 6 or 7 per cent and I regard this as very good. India and Sri Lanka have also approached these figures.

It remains true, but is now perhaps more clear, how dependent developing countries are on the economic health of developed countries for their own growth and in this respect we should be grateful for the comparative buoyancy of the American economy. This is beginning to slow down and a number of economists in the USA are talking it down to negative growth in the latter part of this year, but economists have often been prone to denigrate the strength of that great country and to be overly pessimistic in forecasting its economic resilience. For myself I am confident that even if growth there should be less than we would like in the last quarter, 1980 will see a resurgence. In the meantime in spite of problems regarding the price of oil I would hope the growth rate of both West Germany and Japan to be reasonably satisfactory. It is unavoidable that increases in the price of oil will bring inflationary pressure and tend to stunt growth around the world. I said last year that it seemed very necessary for the Americans to take the lead in allowing market forces greater freedom to influence both demand for and the development of energy resources. The American administration has recently begun a renewed effort to achieve agreement on an effective energy policy and we must hope that they will succeed in this endeavour.

On the bright side has been normalisation of Sino American relationships. This and the Sino Japanese Treaty have coincided with the Chinese modernisation programme and all of these should produce the benefits of increased trade although many problems of terms of payment have still to be solved.

Turning back to Group affairs we have seen a sustained growth of new branches in Hong Kong and this seems likely to continue as a population increasing in numbers seeks conveniently placed banking facilities.

It was announced in November that we were looking into the feasibility of re-development of our headquarters at 1 Queen's Road. A team of consultants was formed for this purpose and I hope some decisions can be taken and announced in the Autumn.

We are very pleased that the Hong Kong Government felt confident enough of the strength of the financial sector to lift the moratorium, under certain criteria, on international banks of substance opening in Hong Kong. While this means increased competition I am sure this is healthy and something of which we must never be afraid. It brings with it expertise in financial affairs from many countries and can only enhance Hong Kong's progress as a centre of growing importance in the financial world.

In many other places in which we operate we are precluded from opening new branches and there we have had to be content with upgrading our present offices while increasing the services we offer.

I would like to mention the operations of our subsidiaries and associates around the world. Here in Hong Kong Hang Seng Bank continued the progress we have come to expect and they again produced both record profit figures and record dividend distribution. This has been achieved by the efforts of their entire staff led by Messrs S H Ho and Q W Lee.

The overall profit of The British Bank of the Middle East reflected a fall in the level of business in a number of their important centres of operation.

I mentioned last year that their Saudi Arabian branches would form part of a new bank in which local parties would hold 60 per cent of the share capital and I am glad to report that The Saudi British Bank was duly established on 30 June 1978. It has got off to a good start under the able chairmanship of Sheik Suliman Saleh Olayan and I had the pleasure of seeing something of this new venture at the end of last year and of meeting some of Sheik Suliman's fellow Directors.

This hiving off of their Saudi Arabian branches has inevitably caused a temporary reduction in the deposit base of The British Bank of the Middle East itself.

1978 has been a year of instability in parts of the Middle East and the Bank there has been subject to the resulting uncertain economic and political situation in the region. This has led to a fall in dividends received from £5,500,000 to £3,500,000.

The Mercantile Bank's growth in India continues to be encouraging although the profits are subject to a very high rate of taxation made even higher by the disallowance of many of the expenses which would be allowed in other countries. The Merchant Banking Division in Bombay has been actively involved with domestic and overseas projects of some of the larger Indian industrial groups.

In Mauritius the Branch Expansion Programme has continued but there has been little fresh investment in the country following continued labour trouble which is also causing anxiety that final shipment dates for EEC sugar purchases will not be met.

Our Canadian subsidiaries had a year of increased activity and profitability. However it is disappointing that, despite promises, the grant of charters to foreign banks in Canada did not eventuate while the legislation that was mooted in this respect fell short of the freedom enjoyed by Canadian Banks in most of the countries in which they operate.

In Australia we sold our holding in Mercantile Credits to our partners National Mutual Life Association of Australia. Our wholly-owned subsidiary there, Hongkong Finance Ltd, maintained the recovery I mentioned last year and they continue to recover previous losses.

In the USA we sold The Hongkong Bank of California at a premium of US$3.5 million. The sale was necessary to comply with US Federal Bank regulations following our application to acquire a majority shareholding in Marine Midland. Our presence in California is now represented by agencies in San Francisco and Los Angeles. I would mention that we have had an office in San Francisco continuously since 1875.

I am naturally disappointed I am not able to report the completion of our partnership plans with Marine Midland Banks, but the regulatory process in the United States has been longer than we envisaged. While the shareholders of Marine Midland overwhelmingly approved the transaction sometime ago and the Federal Reserve Board recently approved our application, we still await a ruling by the New York Superintendent of Banks.

The various regulatory bodies have approached their tasks with zeal and thoroughness and this is to be commended. For our part we have welcomed and have responded positively to the many and searching enquiries which have been made of us as we feel this can only serve to manifest the very strong financial position of your Bank and our desire to co-operate fully with the authorities in the United States.

We and the management of Marine Midland remain convinced the proposed partnership is beneficial to both banks hence the accord with them to extend the agreement between us until 30 June.

The Hongkong Bank Group	1977	1978	1978
	HK $ millions		£ millions
Issued Share Capital	1,050	1,155	118
Reserve Fund	1,299	1,427	146
Retained Profits	138	295	30
Deposits	59,781	74,580	7,614
Advances	29,412	37,107	3,788
Bank Premises	1,102	1,241	127
Net Profit after Tax	522	727	74
Total Assets	80,479	98,391	10,045

In addition to our planned injection of new capital into Marine Midland and the opportunities it will provide for Marine to serve its traditional markets in New York State and elsewhere, we look forward to providing a conduit to the large and exciting trade possibilities with the People's Republic of China which have been created by the normalisation of relations between Washington and Peking.

Wardley Limited expanded their operations and have continued to grow. They are now well represented almost throughout the region, but in spite of the setting up expenses involved increased their dividend from HK$25 million to HK$30 million. Wholesale banking is increasingly inportant to your Group and often where developing or newly independent countries seek to restrain retail growth by foreign banks, Wardley offer services which are welcomed by the authorities.

Wardley Middle East made some progress during a year when conditions in the areas in which they operate were not helpful.

Our Finance and Mortgage companies in Brunei, Hong Kong, Malaysia and Singapore have all had good years and their managements in these places are to be congratulated.

Wayhong Investment has had another satisfactory year. Dividends received from Cathay Pacific again increased this year. Dividend income from our Shipping Investments was slightly reduced as it was decided to take a smaller distribution from World Maritime.

Our various insurance ventures, albeit new, had a satisfactory year and progressively will contribute to the profitability of the Group and to the services we offer.

There are some changes in your Board of Directors to report. Mr W S Stocks has resigned since the end of the year owing to increased business commitments outside Hong Kong. He has been a Director for nine years and his advice has been invaluable to me and my predecessors. Mr F J Knightly is due to retire after this meeting under Regulation 89(H) but I am glad to report that he has agreed to act as a consultant to the Board so that we shall not be without his counsel. Sir Albert Rodriques resigned as consultant at the end of 1978 and I am most grateful to him for his guidance.

The Board has been strengthened by the appointment of Messrs Q W Lee and N S Thompson, whom we welcome. I am sure our successful partnership with Hang Seng Bank will be enhanced by their Chief Executive, Mr Lee, joining us.

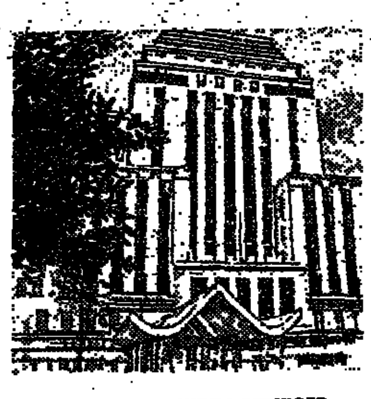
While on the subject of Board Members, we were all delighted at the news of Sir Y K Pao's knighthood in recognition of his very considerable services to the community.

The results we have achieved would not have been possible without the loyalty and hard work of the staff all over the world. On your behalf I thank them sincerely.

The Hongkong Bank Group

Principal subsidiary and associate members of The Hongkong Bank Group:-

The British Bank of the Middle East
Mercantile Bank Limited
Wardley Limited
Hang Seng Bank Limited
The Bank of Iran and the Middle East
The British Bank of the Lebanon S A L
Antony Gibbs Holdings Limited
Wardley Middle East Limited

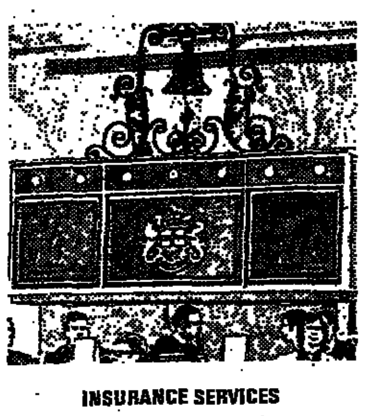


WORLDWIDE BANKING SERVICES

Over four hundred offices, operating in forty countries in Asia, the Middle East, Europe, North America and Australia. We are the largest banking group in South East Asia. The Group's banking activities are very extensive, and we offer a much wider range of services than many other commercial banks.

MERCHANT BANKING

Established in 1972, our merchant banking subsidiary, Wardley Ltd., provides international corporate finance and project finance; investment and money management services; and advises on flotations, mergers and acquisitions. We are ideally placed to assist companies developing in the Asia-Pacific area.

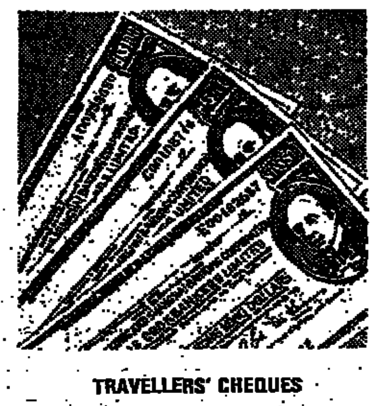


INSURANCE SERVICES

The need for insurances arises with a high proportion of modern banking transactions and The Hongkong Bank Group provides such services as part of its integrated financial service. Through subsidiary and associated companies all forms of insurance and reinsurance are transacted.

TRUSTEE SERVICES

The trustee companies of The Hongkong Bank Group in Hong Kong, London, Jersey, Malaysia and Singapore undertake all types of trustee business including administration of estates, discretionary and other trusts, retirement benefit funds, family settlements, public and charitable trusts, and unit trusts.



TRAVELLERS' CHEQUES

The Hongkong Bank Group issues Hong Kong dollar travellers' cheques at all its branches. They are also available at the offices of Thomas Cook, and a large number of travel and sales agents throughout the world.

BULLION BROKING

As the international gold market continues to grow, Asia will become increasingly important. Through its jointly-owned company, Sharps Pixley Wardley, The Hongkong Bank Group deals in precious metals in Hong Kong, and handles the physical sales of gold in the Asian Area.

COMPUTER SERVICES

The Group has developed much proficiency in data processing. It provides information services for the Group's management, helps operational staff in the efficient implementation of their work; and constantly improves customer services, particularly in trade finance and international payments. Computers, some with on-line terminals, are in all major branches.

UK COMPANY NEWS

Strong second half helps Menzies to £5.9m

AS EXPECTED John Menzies (Holdings) further improved profits in the second half to finish the year well ahead. Taxable profits for the 53 weeks to February 3, 1979 were £5.94m, against £4.74m for the previous year.

The directors say there was a good all-round performance from all activities.

Turnover for the 53-week period was up from £168.68m to £197.67m. After tax of £899,000 (£2.02m) the net profit comes out more than £2m ahead—from £2.72m to £5.04m. Stated earnings per 25p share rose from 19.6p to 34.77p.

At midway when the surplus rose from £0.86m to £1.15m the directors said they expected second-half profits to exceed those of the previous years.

There was an extraordinary debit of £676,000, compared with £1,000.

The final dividend of 2.12p net lifts the total from 3.3954p to 2.3485p.

The five-yearly revaluation of the company's properties has revealed a surplus, less adjustments, of £4.5m or 53 per cent on previous book values. The sum has been written into the balance sheet.

● comment

John Menzies' 25 per cent profits rise is due entirely to a strong performance from the enlarged retail division, which shows an underlying volume gain of around a tenth. In common with other newsagents Menzies has been benefiting from the increase in consumer spending but wholesaling only managed a holding operation mainly due to lost sales, amounting to more than £4m, through stoppages in Fleet Street. The results compare very favourably with W. H. Smith's where cost pressures resulted in static profits for the same period. On a low tax charge the shares, at 220p, sell on a p/e of just over six while the yield is a well covered 2.3 per cent.

English Natnl. earnings up

Gross income of the English National Investment Company improved from £193.728 to £225.093 in the year ended March 31, 1979. Earnings per preferred ordinary share are shown to be up from 1.89p to 2.1p and on the deferred shares they are higher at 3.18p (2.42p).

The dividend on the preferred capital is increased from 1.83p to 2.02p with a final of 1.13p and on the deferred is raised from 2.42p to 3.18p with a final of 2.07p.

Net asset per share were:—preferred 39.7p (33.1p) and deferred 83.7p (57.5p).

Farm Feed recovers to £0.33m

THE RECOVERY at Farm Feed Holdings, begun in the first half, continued in the second six months with a surplus of £126,620 compared with a £57,706 loss. The year to January 31, 1979, finished with pre-tax profits of £325,220, against a £93,306 loss.

Turnover rose from £7.98m to £8.82m. After tax of £50,623 (£38,468), stated earnings per 25p share are 12.2p—last time there was a 3.4p loss. There is no final dividend, but the total is up from 0.66p to 1.34p.

The group's principal activity is the production of supplements for animal nutrition, micronizing, engineering and livestock production.

WARNER-LAMBERT

Warner-Lambert has purchased the assets of the Burny Bakers division of Beatrice Foods Company

Alpine jumps to record £1.9m

TAXABLE profits of Alpine Holdings, the double glazing and aluminium windows group, more than doubled in the year to January 31, 1979. The surplus jumped from £930,000 to a record £1.9m on turnover up more than £10m at £25.2m.

And the group says it has moved into the new year with strong order books, although it will face increased overheads during the development of additional manufacturing and installation capacity.

It has retained its strong liquid position, and is looking for further substantial progress.

At the halfway stage when pre-tax profits were up from £223,000 to £720,000 the directors said they expected a significant improvement in the year's results.

Stated earnings per share at the year-end are up 136 per cent from 4.49 to 10.59p.

The final dividend of 1.42375 lifts the total from 2.475p to 2.76375p. The Treasury has turned down an application to increase dividends in line with profits because a dividend was passed in the year to January 1975.

	1978-79 £000	1977-78 £000
Turnover	25,221	14,528
Double glazing, etc.	16,265	11,969
Dolphin showers	7,613	—
Dreamline bdrm. fm.	1,220	754
Ind. wndws (dsctd)	123	1,805
Profits before taxation	1,915	930
Double glazing, etc.	1,654	1,318
Dolphin showers	543	—
Dreamline bdrm. fm.	103	39
Central admin. costs	392	370
Associated profits	7	130
Ind. wds. (dis.) loss	—	187
Tax	752	479
Profits after tax	1,153	451
Extraordinary debit	62	†310
Minorities	8	2
Attributable	1,083	759

† Credit.

The results reflect a strong performance from all activities including Dolphin Showers, the new subsidiary bought in April 1978.

Alpine (Double-Glazing) Co. the group's largest activity, had another successful year and has moved into the current year with a record level of orders, representing several months of secured installations. To meet demand, a third manufacturing complex will be opened in June 1979 at Tanfield Lea, County Durham.

Subject to certain minimum profits, further consideration is payable based on Dolphin Showers' profits in its trading periods up to January 31, 1981. Further payment for the period under review is provisionally estimated at £581,000, to be satisfied half in cash and the balance by the issue of new Alpine Holdings ordinary shares. The new shares will not rank for the final dividend being recommended.

Extraordinary items comprise further costs relating to the closure last year of the industrial windows sub-contracting activity less profits and release to profits on the disposal of the interests in certain associated companies. As to the closure further costs of £60,000 net have been incurred since the half year, and it is considered all reasonable provisions have been made, although a number of accounts have still to be finally agreed.

● comment

On a fully taxed p/e of 14.1, or 11.2 on stated earnings, it is fairly clear that the better than doubled profits from Alpine had been fully discounted at 120p, unchanged yesterday. Similarly, a yield of 3.5 per cent offers scant support for any re-rating on historic grounds, but Alpine holds important stakes in a home improvement market which must still be at least three or four years off maturity. The current year, despite poor weather and national industrial problems, has opened well and the double glazing and replacement window division has apparently doubled its order book over the last 12 months. Dolphin Showers has been a little under the peak profits of 1976, but new products have apparently been well received while physical expansion into new showrooms in the Home Counties should boost the admittedly small contribution from fitted bedrooms. Over the longer term, Alpine probably needs a fourth leg before home improvement demand begins to level out. A strong balance sheet and a good takeover record suggests that the pursuit of a worthwhile acquisition may not prove fruitless.

Martin Black second half loss: dividend halved

A LOSS of £65,000 is reported by Martin Black, a wire rope manufacturer, for the second half of 1978. This compares with a loss of £452,000 in the corresponding period of 1977, which was hit by industrial stoppages, and leaves the year's pre-tax profit at £179,000 compared with a deficit of £208,000.

The dividend is being halved to 2p per 25p share, with a final of 1p.

Including £1.37m attributable to the Scottish Wire Rope Company group sales amounted to £14.61m compared with £12.65m. Trading profit came through ahead at £831,000 (£343,000), but this was subject to heavier charges including interest up from £210,000 to £286,000.

As regards the current year the directors point out that this started with the problems of the lorry drivers' dispute but this was generally resolved in February. Operating companies' forecasts for 1979 indicate a distinct improvement in group results over those of 1978.

Referring to the 1978 result the directors point out that the group's situation changed little during the year and it continued to trade under conditions of depressed demand, production overcapacity and the resulting erosion of profit margins.

In the UK home sales tonnage of high tensile steel wire ropes was some 5 per cent below the 1977 level. A more significant reduction was in sales to offshore drilling and export markets where, together, tonnages despatched fell by nearly 15 per cent.

The relative weakness of both the U.S. and Canadian dollars, the sharp decline in 1978 of new constructions for the offshore oil drilling industry and intense price competition from West European manufacturers and others are factors contributing to this downturn.

The directors report that up to the time of the interim report the recovery in Canada was most encouraging but, because of irrecoverable cost increases, the full year's figures reflect severe pressure on margins during the last few months of 1978. A price increase from the beginning of 1979 should give a good start to the current year.

Because of the continuing weakness of the Canadian dollar against sterling incorporation of Canadian trading results and balance sheet figures into Consolidated Accounts gives rise to exchange losses so that the true progress of the Canadian company is not fully reflected in sterling.

After a very slow start the Indian associates made an excellent recovery and their profit before tax for the year, although some 20 per cent below 1977 represent a creditable performance. The outlook and order book for 1979 are very encouraging; the Rod Rolling Mill is now running on test and should be in full production before the end of the year.

	1978 £	1977 £
Sales	14,607	12,645
Overseas sales	8,210	7,742
Home sales	6,397	4,903
Trading profit	831	343
Depreciation	404	407
Interest	286	210
Losses on exchange	71	72
Share of assocs.	109	138
Profit before tax	179	*208
Tax‡	47	†204
Attributable	132	*4
Dividends	132	254
From reserves	—	258

* Loss. † Recovery. ‡ SSAP is adopted and 1977 figures adjusted.

Linread down to £0.11m midway

WITH the combined UK operations making a small loss, Linread turned in lower taxable profits of £107,000 in the half-year to January 27, 1979, compared with £189,000 last time. Turnover was £7.81m, against £7.04m.

The directors state that, apart from the direct effect on operations, the national industrial disputes over the winter meant customers' demands were dramatically reduced in the last two months of the half year, with the result that the combined UK operations made a small loss in the first six months.

However, the German subsidiary continued to make progress and, as forecast, the Canadian subsidiary returned to a marginal profit.

On prospects, they state that, assuming a return to industrial normality in the UK, the second half should produce a profit before tax similar to last year's £423,000.

After tax for the half-year of £28,000 (£102,000), ernings per 25p share are shown down from 1.21p to 1.1p. The net interim dividend is maintained at 1p—last year's total was 2.5p on a £612,000 taxable surplus.

Pre-tax profits were struck after depreciation and amortisation of £214,000 (£209,000), and interest of £160,000 (£157,000). There was an extraordinary credit last time of £226,000.

The group makes cold forged fasteners.

Demand picks up at Vantona

At the annual meeting of Vantona Group, Mr. J. D. Spooner, chairman, said that since writing his statement in the accounts, the position had changed somewhat—for the better.

At that stage, he had mentioned the effects of strikes and the weather on the first three months' results and urged caution as to the year's outcome.

Demand now appeared to have recovered, and there were good order books in almost all sections; most units were currently operating at or near capacity.

Management accounts for the first four months showed the group ahead of last year's results, even before bringing in profits from the Compton Webb Group. Earnings per share on a fully diluted basis were appreciably higher.

The position in Iran had stabilised a little, and shipments had started against a renewed letter of credit.

Schemes for capital re-equipment were under way and the benefits should start to be felt in the second half. In the last full year, taxable profits were up from £6.73m to £7.31m.

Midway fall for Long & Hambly

Strikes and bad weather took their toll on Long and Hambly, rubber and plastic manufacturer, in the six months to February 3, 1979 — taxable profits falling from £325,000 to £280,000, on turnover of £6.44m, against £6.05m.

The directors say they are not able to forecast an increase in full year profits. However, they expect the second half surplus to be significantly better, so profits for the year should approach the £802,000 achieved last time.

After half-yearly tax of £10,000 (same), stated earnings per 10p share are 1.32p against an adjusted 1.545p. The net interim dividend is effectively raised from 0.1125p to 0.125p — last year's total was equivalent to 0.401p.

	Six months 3.2.79 £	4.2.78 £
Turnover	6,437,000	6,053,000
Operating profit	348,000	369,000
Interest paid	68,000	44,000
Profit before tax	280,000	325,000
Tax	10,000	10,000
Net profit	270,000	*315,000
Preference div.	6,000	6,000
Attributable	264,000	309,000
Ordinary div.	25,000	22,000
Retained	239,000	287,000

NO PROBE

The proposed merger between Johnson and Firth Brown and certain assets of Dunford and Elliott is not to be referred to the Monopolies Commission.

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Oxley advances to £1.5m and sees more progress

PRE-TAX profit of Oxley Printing Group advanced 10 per cent from £1.41m to a record £1.55m in 1978.

The directors say the road haulage strike caused a severe profits setback but business has now improved and they expect further progress this year.

At midway, when pre-tax profit was up 36 per cent from £519,000 to £705,000, Mr. Lewis said the second-half surplus was expected to be not less than that of the first six months, despite considerably reduced Government assistance.

The temporary employment subsidy was cut from £532,000 to £107,000.

The pre-tax profit this time was struck after depreciation on freehold buildings of £19,000 and pre-acquisition profits of £30,000.

Turnover expanded 19 per cent from £19.83m to £23.6m.

Earnings per 25p share are shown down from 23.54p to 20.42p. But, fully diluted, they are stated to have risen from 17.34p to 18.46p.

The Board reports that the consolidated balance sheet shows a stronger financial position, with net tangible assets increasing by £1.7m and borrowings reduced from 87 per cent to 70 per cent of shareholders' funds in spite of a high level of capital spending.

A final dividend—up from 1.4025p to 1.5661p—raises the net total from 2.4850p to 2.7637p a share. Total cost of dividends increases from £138,000 to £194,000.

	1978 £000	1977 £000
Turnover	23,598	19,829
Pre-tax profit	1,553	1,409
Taxation	104	81
Net profit	1,449	1,328
Dividends	194	138

NatWest planning big expansion for latest U.S. acquisition

National Westminster Bank, one of Britain's largest banks, is planning a major expansion of National Bank of North America, the New York-based bank it recently acquired.

This should add to the intense competition raging between large U.S. banks and foreign banks, both in domestic and foreign markets. Last week, NatWest paid about $430m to CIT Financial Corp. for National Bank, the 13th-largest commercial bank in New York state.

Mr. Robin Leigh-Pemberton, NatWest's chairman, said National Bank will be expanding in numerous areas, including consumer loans, new branches, automated teller machines and small-business loans. The bank will also be expanding its visa card programme and its lending to national companies.

A key step is NatWest's plan to inject about $25m of additional capital into National Bank later this year. This reflects NatWest's support and commitment to the bank's development Mr. Leigh-Pemberton said. At the end of last year, National Bank's equity stood at around $248.6m, and is currently over $250m.

At the AGM yesterday the chairman said that National Bank was expected to make a substantial contribution to earnings. The acquisition was aimed at improving the group's long-term performance and at strengthening its world status and profitability.

Best-ever £1.12m for Siemssen

TAXABLE PROFITS of Siemssen Hunter advanced from £814,000 to a record £1.12m in 1978, on turnover well ahead at £28.29m compared with £14.85m.

At halfway profits were up from £376,000 to £422,000 and the directors anticipated a satisfactory final result.

The directors now say the surplus reflects increased trading in both sectors of the group's activities. Sales of Havana cigars again boosted tobacco division results, while the publishing operations which accounted for over 50 per cent of total profits, were enhanced by the first-time contribution from the company acquired in January, 1978.

They say results for the first quarter of this year show a satisfactory improvement over the corresponding period last year.

After tax of £582,000 (£444,000), stated earnings per 10p share are up from 7.97p to 9.4p. As anticipated, the net total dividend is lifted from 2.7918p to a maximum permitted 3.1175p, with a 1.5919p final.

There is an £83,000 extraordinary credit this time from sale of an associated company.

Eagle Star's strong cash flow

AT DECEMBER 31 last the capital appreciation of Eagle Star Insurance's investments amounted to £84m in the shareholders funds, which with capital and free reserves amounted to 57 per cent of general business premium income, reports Sir Denis Mountain, chairman. In the long term funds capital appreciation amounted to £142m.

The chairman says that although 1978 was a disappointing year in terms of insurance underwriting there has been reasonable growth in pre-tax profits because of higher investment earnings. Much of this arises from the funds generated by what would otherwise be unprofitable insurance business.

The chairman stresses that forecasting the result of insurance underwriting is hazardous at the best of times but in the UK the group currently has a strong positive cash flow in both long term and general business. Subject to the general level of interest rates, this should continue to benefit investment income.

Sir Denis reports that in the UK there was a further increase in cash flow in 1978 of both the shareholder's and long-term funds. Most of the new money was invested in Stock Exchange securities, with British Government securities slightly predominating. Towards the year-end, however, the equity portfolio was added to at a greater rate than in recent years.

As reported on April 12 the group surplus before tax for 1978 rose from £43.5m to £50.9m. Investment income increased from £38.7m to £48.5m and the profit from Grovewood Securities was higher at £11.2m (£7.2m). The underwriting loss showed an increase from £4.3m to £10.1m.

Yearlings up to 11⅛%

The coupon rate on this week's batch of local authority yearling bonds has increased to 11⅛ per cent, against 10⅞ per cent the previous week. Issued at par, they are due on April 30, 1980.

The issues are: Grampian Regional Council (£1m), City of Swansea (£1m), London Borough of Lambeth (£0.5m), City of Nottingham (£0.5m), Highland Regional Council (£1m), Warrington Borough Council (£0.5m), Middlesbrough Borough Council (£0.5m), Castle Morpeth District Council (£0.25m), Worthing Borough Council (£0.25m), Cotswold District Council (£0.25m), Hartlepool Borough Council (£0.75m), Rhymney Valley District Council (£0.25m), Borough of Rushmoor (£0.5m), Woodspring District Council (£0.25m), West Wiltshire District Council (£0.5m), London Borough of Hackney (£2.5m), Chorley Borough Council (£0.25), Derwentside District Council (£0.25m), Lancaster City Council (£0.75m), Uttlesford District Council (£0.5m), Borough Council of Gateshead (£0.25m), Preseli District Council (£0.25m), Cumbernauld and Kilsyth District Council (£0.25m) and Borough of Tamworth (£0.25m).

Blackpool Borough Council and Warwick District Council have both raised £0.5m through the issue of 11⅞ per cent bonds at par, due on April 21, 1982.

Borough of Afan has issued 12 per cent at par due on April 25, 1984.

United Carriers expands

WITH second-half profits rising from £1.05m to £1.32m, United Carriers turned in a record taxable surplus of £2.85m in the year to January 27, 1979, compared with £2.25m previously.

Turnover of this road transport operator was well ahead at £21.58m, against £17.24m.

Reporting midway profits of £1.52m (£1.2m), the directors expected very satisfactory full-year

After tax for the year of £860,000 (£637,266), earnings per 10p share are shown up from 13.1p to 16.2p. The net total dividend is lifted from 2.33879p to a maximum permitted 2.93146p, with a 1.94849p final absorbing £238,963 (£199,388).

● **comment**

United Carriers has reversed its previous year's earnings slide with an encouraging 26.5 per cent recovery in its full year profits. Results on the whole were better than expected as reflected by the 9p rise in the share price to 112p yesterday. Although operations were slightly affected by the road haulage strike in January and the extremely bad winter, the situation now appears to have improved with UC reasonably optimistic of moving ahead. Costs were up by 15 per cent on the year but with a 10 per cent growth in traffic carried and an overall 25 per cent rise in turnover, margins improved a fractional 0.2 to 13.2 per cent. The shares are on a p/e of 6.9 and a yield of about 4 per cent.

Danish Bacon

TAXABLE profits of Danish Bacon Company fell from £1.71m to £1.04m in 1978 on turnover of £203.03m, against £202.65m. At the 32 weeks stage, the surplus slumped from £1.17m to £451,000.

A total of £223,000 tax is recoverable this time, compared with a £684,000 charge.

Stated earnings per £1 share are down from 41p to 24p. The net total dividend is raised from 6.641p to 6.687p, with a 3.56p final.

Silentnight ahead to £4.1m but lorry strike hits profits

Silentnight Holdings reported record profits and turnover for the year to January 27 1979. The directors say profitability would have been higher, but for the bad weather and the haulage strike early this year. However trading has now returned to a more normal pattern.

The group turned in taxable profits of £4.12m, against £3.23m, after advancing from £1.3m to £1.76m at the halfway stage. Turnover for the year jumped from £38.43m to £50.9m.

The profits figure was struck after interest charges up from £232,000 to £384,000. Tax takes £268,000, compared with £415,000 after which stated earnings per 10p share are ahead from an adjusted 18.8p to 25.7p.

After an extraordinary debit of £244,000 last time, attributable profits come out at £3.85m, against £2.57m.

There is a one-for-two scrip issue. The final dividend of 2.53p net lifts the total from an adjusted 2.6729p to 3.65p.

The group manufactures beds, upholstery and furniture.

	1978-79 £000	1977-78 £000
Turnover	50,925	38,428
Trading profit	4,502	3,462
Interest	384	232
Profit before tax	4,118	3,230
Taxation	268	415
Profit after tax	3,850	2,815
Extraordinary debit	—	244
Attributable	3,850	2,571
Dividends	310	252
Retained	3,540	2,319

● **comment**

With its one-third sales rise, Silentnight has kept ahead of the furniture industry. Margins, however, have faltered slightly as a result of the difficult trading conditions in January and the running-in expenses incurred at the new furniture factory. Together they probably trimmed around £350,000 off the final profits. In the current year the company should start benefiting from the £4.3m capital expenditure programme which will boost capacity, especially on the bedding side where Silentnight is the market leader. The company has been able to finance this expansion entirely out of cash flow and borrowings have been reduced to around a fifth of shareholders' funds, against nearly a third a year ago. The shares rose 7p to 128p where the p/e, on a low tax charge, is 4.9 and the yield is 4.3 per cent.

Charterhouse Japhet has solid base

After the increase in share capital in 1976 Charterhouse Japhet has created a solid foundation for growth by raising U.S.$10m through a Eurodollar issue, says Mr. M. H. W. Wells, the merchant bank's chairman.

In his annual report for 1978 he adds that the issue of floating rate notes matures in August 1985.

In the 15 months to the end of 1978 the company made £949,000 after tax and transfer to inner reserve, compared with £815,000 for the previous year.

There was a satisfactory growth in domestic banking services from short-term financing to medium-term lending, says Mr. Wells. Acceptance credit facilities reached £30m at the year end. Demand was strong for documentary credit and collection services and there was an increase in lending in foreign currency to UK and overseas companies.

Foreign exchange trading income reached a satisfactory level in spite of market uncertainties due to U.S. dollar's weakness and, in the latter half of the year, high interest rates in the UK and U.S.

The investment management department became responsible for the portfolio management of a number of additional pension funds, institutions and charities. About £175m of private and institutional funds are now managed by the department.

At the end of 1978 capital and reserves stood at £11.27m (£10.62m for the previous 12 months). Acceptances for customers rose from £26.27m to £29.08m and total assets were lifted from £114.36 to £152.51m. Treasury bills, bank certificates of deposit and bills discounted jumped from £10.6m to £37.47m.

The company is a wholly-owned subsidiary of The Charterhouse Japhet Group.

Improving trend at Bodycote

Bodycote International, the industrial clothing and textiles group, reports pre-tax profits little changed at £2.06m compared with £2.04m for 1978. This is in line with mid-term expectations and follows a half way reduction from £957,000 to £851,000.

The directors explain that the result has been achieved despite certain manufacturing problems in two of the group's major profit centres.

During the year, however, the ground had been prepared for future growth and the group is now poised for more positive development.

The directors consider that, over the next few years, the group's mainstream activities could well reach dominant trading positions in their own spheres through organic growth.

Consequently they feel it is now appropriate to diversify and construct a more broadly based industrial group. The recent agreement to acquire Blandburgh, a heat treatment engineering company, is an early example of the implementation of this new policy.

On future prospects the directors state that at the beginning of 1979 the group's order books were the best for several years and prospects were encouraging. The adverse conditions in January and February, however, will exact a penalty on performance. But they are quietly confident that 1979 will be a good year and that the group's plans will not be further frustrated.

Turnover increased from £25,703,000 to £29,865,000 in 1978. Tax was down from £602,000 to £418,000 and minorities up from £5,000 to £11,000 and net attributable profit emerged ahead from £1,432,000 to £1,634,000.

Earnings per 25p share are shown to have improved from 18.14p to 20.70p. A final dividend up from 1.4126p to 1.5774p increases the net total from 2.71555p to 3.0323p a share, the maximum permitted.

● **comment**

With a little help from Polar Contract Hire, acquired a year ago, Bodycote is able to report profits for 1978 just slightly ahead of 1977. Without Polar the result would have been a slight downturn. The traditional protective clothing, and general textile businesses had a slightly better second half but most of the improvement over the first six months came from the return to profits in September of the Denby dyeing and finishing business plus a recovery from the EHCO subsidiary in Holland. By November profits from EHCO, which dipped badly in the first half, were back on budget. Further consolidation of the traditional activities plus growth from the Polar subsidiary and the Blandburgh engineering operations acquired earlier this week indicate a better profit in 1979, despite the slow start due to weather and industrial unrest. The shares, at 97p, are on p/e of 4.6 and a yield of 4.7 per cent. The low yield could be holding the price back.

Grampian TV ahead, and plans dividend boost

Profits of **Grampian Television** for the year to 28 February, 1979 were up to expectations. The group lifted taxable surplus from £372,183 to £405,713 on turnover ahead from £3.53m to £4.43m.

The group is paying a second interim of 1.64p net and is applying to the Treasury to pay a final of 0.42p per 10p share. If permission is granted the total payout would be lifted from 2.2p to 2.86p. There is aso a proposed scrip issue.

At halfway taxable profits stood at £192,112 after deducting an exchequer levy provision of £34,000. The directors then said they hoped second-half profits would not be less than the first.

The year's profit figure was struck after an exchequer levy of £78,215 (£53,000). Tax takes £143,895, against £197,406.

The scrip is one new non-voting "A" ordinary for every 20p in nominal amount of management shares, ordinary and non-voting "A" ordinary held. Board says part of the revaluation reserve will need to be capitalised for the scrip and 150,000 unclassified shares of £1 will be sub-divided into 1,500,000 shares of 10p and reclassified as non-voting "A" ordinary shares.

16% increase for Spencer Gears midway

A 16.6 per cent increase in taxable profits, from £105,776 to £123,305, in the half-year to December 31, 1978, is reported by Spencer Gears (Holdings), general engineer and industrial gear manufacturer.

The directors say prospects for the rest of the year are good, and once again increased profits are expected in the second half. In the last full year, there was a record £300,249 surplus.

Half-yearly turnover rose 8 per cent from £1.9m to £2.06m. After tax of £16,014 (£43,274) stated earnings are higher at 1.17p (0.66p). The net interim dividend is effectively stepped up from 0.19p to 0.25p—last year's total was equivalent to 1.606p.

SSAP 15 has been adopted but 1977 figures have not been adjusted.

UK COMPANY NEWS

BIDS AND DEALS

30% increase in SUITS dividend backs rejection of Lonrho offer

BY JAMES BARTHOLOMEW

Scottish and Universal Investments (SUITS) estimates that its pre-tax profit rose 29 per cent to a record £8.96m in the year ending March 31, 1979. The board proposes a 30 per cent dividend rise.

This is the centrepiece of the rejection of Lonrho's bid by those three SUITS directors resolutely opposed to the offer. The document was sent to shareholders yesterday.

But Sir Hugh Fraser, the deputy chairman, looks set to accept the bid for the 8.9 per cent held by his family trusts. "Unless there is an offer from someone else I think the family will be accepting," he said yesterday. The trusts would thus be accepting Lonrho shares at the current price of 79p per share. The rejection document issued by the three directors yesterday shows that trusts of which Sir Hugh is trustee sold 100,000 Lonhro shares in February at 64p per share.

In their rejection, the three directors say that the prospective yield on the shares of 7.3 per cent is now "significantly higher" than stock market average. They propose a final dividend of 6.25p per share, making a total of 9.5p for the year.

They emphasise that Lonrho wants SUITS for its "key" 10 per cent stake in House of Fraser. This stake is worth at least £21.9m in the market, they claim, so Lonrho is implictly valuing the rest of SUITS' industrial interests at £38.1m. The three maintain this is a discount of £18.7m on their true value using the current stock market average price/earnings ratio of just over 9.

Moreover, this calculation does not allow for the substantial premium that Lonrho should pay for full control of various businesses such as the Glasgow Herald and Whyte and Mackay and the material influence which Lonrho would gain over House of Fraser.

The SUITS directors object to Lonrho's shares, which are part of the consideration offered. In an *appendix they list six* "material considerations." One of them is that Lonrho received some 70 per cent of its stated profit from Africa in 1977-78. "From 1967 to 1978 it has had to submit to nationalisation of or local participation in its activities in at least eight countries there."

"Tiny" Rowland, chief executive of Lonrho, also wrote to SUITS shareholders yesterday. Anticipating the SUITS document, he says: "By painstaking cutting and snipping, the three opposing directors and their advisers may assemble criticism of Lonrho to their purpose. This may have all the partial charms of theatre bill boards."

He claims that the rise in SUITS profits has dated from the time that representatives of Lonrho joined the board. "When Lonrho bought into SUITS the board was in disarray," says Mr. Rowland, "a decision had been made to sell 12.5m House of Fraser shares when the price was at an abysmal level of about *77p (now 180p)*.

Mr. Hugh Laughland, chief executive of SUITS, replied yesterday that he did not want to argue who was responsible for the good performance of SUITS. Shareholders were entitled to full value regardless of this. But Mr. Bruce Fireman, one of SUITS advisers, implied that the executive directors who are rejecting the bid had first claim on the credit for SUITS recent performance. He also said that a decision to sell the House of Frasor shares was only made in principle and subject to market conditions.

The three directors described Mr. Rowland's letter as a "*document of desperation*" and "pitched at an unworthy level."

PETERS STORES PAYS £210,000 FOR I. WALTON

Peters Stores has made a cash bid worth £210,000 for Isaac Walton and Company, the Newcastle-upon-Tyne tailor and outfitter.

Walton's latest audited accounts for the year ended July 29, 1978, showed profits before taxation of £26,514 (loss £4,185) on turnover of £948,181 (£936,112).

Figures for the six months to January 29, 1979, show profits of £45,000 (£16,100) on turnover of £567,900 (£476,900).

Net tangible assets were stated in 1978 accounts at £595,673

KCA selling more assets

KCA International, the oil servicing and contracting group, *is selling further assets to Ward* International.

KCA, formerly Bery Wiggins, sets out the details in a circular to shareholders, which will require approval at an EGN on May 17, 1979.

Ward is planning to cancel a KCA loan note arranged under a previous deal in exchange for the two National 55 rigs, the remaining components of a third rig, ancillary equipment and spares, together with the expected proceeds of ancillary equipment sold earlier this year.

In addition interest on the $3.85m loan note will not be payable by KCA after February 1 1979, and from then the cost of insuring the equipment and operating and maintaining the depot in Houston will be borne by Ward.

The net book value at December 31, 1978 of all the assets, which are to pass to Ward are £1.89m, following a year end write off of £11,000. No further write downs are necessary.

KCA says that a "considerable saving in costs will be achieved," by the disposal. "Based on 1979 projections the annual cost of maintaing and storing the equipment would be £312,000 and the interest cost on the loan note at the current rate of interest would amount to £240,000.

COSTAIN

Costain Group, the international contractor, now holds 6.71 per cent (5.15m ordinary shares) in Capital and Counties *Property, the property* investment and development group.

Costain said yesterday that "we have purchased the shares for long term investment purposes."

B & C OFFER 'NOT ENOUGH'

THE OFFER of 200p per share cash from British and Commonwealth Shipping Company "does not in any way reflect the true value," of Common Brothers, says Common's chairman Sir Rupert Speir in the rejection document.

Common Brothers, which reported profits of £233,000 compared with £775,000 for the eight-month period ending February 28, 1979, tells shareholders that net assets of the group in the balance sheet at June 30, 1978, were £6.005m or 199p per share.

"After adjusting for the profit for the period to February 28, 1979," and the surplus from various transactions, "and after allowing for taxation, the net assets have increased to £7.085m or 235p per share."

Common adds: "The financial position of your company has been substantially strengthened over the past two years. The ratio of borrowings to equity which was 2.5 to 1 at June 30, 1977, was reduced to 1.1 to 1 at the last year end and is expected to be of the order of 0.8 to 1 at June 30, 1979."

L & G restructuring details

DETAILS HAVE now been published of the Scheme of Arrangement for the restructuring of Legal and General Assurance Society, the second largest life assurance company in the UK. Under this scheme a new holding company wil be formed — the Legal and General Group — which will acquire all the issued shares in the Society. Shareholders wil be offerod one 25p share in the Group for each 5p share in the present company.

The document points out that over a number of years, the Society has expanded its business as an insurance company, principally in the UK. But in recent years, it has expanded beyond the traditional insurance fields into managed funds pensions business and international reinsurance. It also operates insurance in several overseas countries, a move that has accelerated in recent years.

In these circumstances, there are technical reasons associated with UK legislation which make it advantageous for the parent company of the group not to be an insurance company. The group has also reached a stage in its development where a greater degree of flexibility can be achieved by the formation of a new company, some reorganisation of subsidiary companies and a review of the management structure.

If the scheme becomes effective, it is proposed to separate the UK and international insurance operations and the investment management activities from January 1980. The Society will become the UK insurance operating company. The international insurance operations will be carried out by other subsidiaries.

The document also points out that the amount of non-life insurance business which the Society may write, is related to its share capital and reserves. The new company could raise loan capital and use it to subscribe for further shares in an insurance subsidiary. The Treasury has confirmed that under existing legislation, the new company would not be subject to dividend controls for its first two years.

The meeting of ordinary shareholders *to approve the scheme* has been convened to be held immediately after the AGM on May 16, 1979.

Cadbury grows in N. America

SIR ADRIAN CADBURY, chairman of **Cadbury Schweppes**, says in his annual statement that he sees the opportunity to increase the group's market share and to develop the distribution of Cadbury brands in the U.S. and Peter Paul brands in other parts of the world.

Peter Paul, the new subsidiary, is the third largest chocolate confectionery company in the U.S. and now has a 10 per cent share of the largest confectionery market in the world. Three of its brands are in the top twenty selling lines in the U.S.

In Canada, closure of the Montreal factory to concentrate production at Whitby, near Toronto will enable the company to compete more effectively in a market of which it already has a major share.

Sales volume of the company's carbonated drinks in North America increased by 22 per cent in 1978. In the U.S. alone, volume was up by 21 per cent in a total market which grew by only four per cent. Schweppes is also improving its share of the mixer market which is growing faster than the soft drinks market as a whole.

Sir Adrian also reports on progress towards the company's declared objective of improving its return on assets in the UK. All the operating divisions improved their return by 2 per cent in 1978 and were aiming for the same level this year.

"The improvement we are looking for can only come from the right combination of pruning and of expansion," he says. "We require higher sales from a more limited product range and higher investment in more productive equipment used more intensively."

To accelerate this process the company had increased its investment in research and development and, in particular, was spending heavily on systems engineering to take more advantage of the micro-electronic technology now becoming available.

The chairman confirmed that the company was aiming for a material improvement in profit in 1979 with a greater contribution than before coming from its North American business.

For 1978 the group reported a pre-tax profit held at £48.2m.

The chairman says that working capital was well controlled with reductions in both stocks and debtors, measured in terms of weeks. Net borrowings were £115m at the year end, an increase of £15m over 1977 after absorbing the $55m cost of the acquisition of Peter Paul.

Group capital commitments at the year end stood at £35m — UK £24.7m, Europe £2.4m, Australia £3.8m, North America £2.8m, and other areas £1.3m.

See also Page 23

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—British Assets Trust, F. Cooper, S. Simpson.

Finals—*Bestobell, Border Breweries* (Wrexham), Cope Sportswear, Elbar Industrial, E. Fogarty, Futura, T. C. Harrison, Home Charm, Hook-insons Holdings, Hoskins and Horton, Jessel Toynbee, London and European Group, P. and W. MacLellan, Phorax (London), Richardsons Westgarth, Simon Engineering, Smith St. Aubyn, Snillers, Telephone Rentals, Thomson T-Line Caravans, Travis and Arnold, Wight Construction

FUTURE DATES

Interims—	
Border and Sthn. Stockholdrs.	Apr. 26
Harrisons Malaysian Estates	May 2
Selanierd Industrial	May 2
Finals—	
Alginate	May 1
Anchor Chemical	May 1
Bremner	Apr. 27
[illegible] Hotels	Apr. 30
Cole (R. H.)	Apr. 27
Comfort Hotels	Apr. 30
Gibbs (Anthony)	Apr. 27
Hall (Matthew)	May 9
Industrial and General Trust	May 17
Laing Properties	May 8
Lake View Investment Trust	Apr. 26
Macdonald Martin Distilleries	May 3
[illegible] Manufacturing	Apr. 30
[illegible] Investment	May 2
York Trailer	Apr. 27

Securities Trust Scotland pays 7.05p

Attributable revenue of Securities Trust of Scotland rose from £1.27m to £1.55m in the ear to March 31, 1979. Gross revenue increased from £2.7m to £2.99m.

Earnings per 25p share are shown up from 6.34p to 7.27p. The net total dividend is stepped up from 6.1p to 7.05p, with a 4.05p final. A one-for-one scrip issue is also proposed.

Attributable net assets totalled £51.57m, against £45.04m.

MINING NEWS

Australian coal attracts Total

TOTAL AUSTRALIA, a unit of Compagnie Francaise de Petroles, is seeking a place in the development of the Australian coal industry and hopes to be able to produce and export between three and five million tonnes a year for the European steam and coking coal markets.

This declaration of intent, contained in the company's annual report, published in Sydney yesterday, swells the ranks of international oil companies seeking diversification through investment in Australian coal.

Although Total has no particular deposit lined up for exploitation, it laid itself open to proposals from small companies seeking an inflow of capital by saying that opportunities for coal investment would be sought with Australian partners. The investments could be made either through joint ventures or by equity participation, the annual report said.

Total is thus joining **Houston Oil and Minerals, British Petroleum, Shell and Exxon** in the Australian coalfields. Houston's Australian subsidiary is engaged at Oaky Creek in Queensland, while **Esso Exploration and Production**, an Exxon unit, is involved at Hail Creek, also in Queensland.

BP's Australian coal subsidiary, folowing the purchase of Clutha Development, has interests at Clarence, Eastern Main, Singleton, Tahmoor and the Burragorang Valley in New South Wales.

For its part, Shell has a 37 per cent stake in **Austen and Butta**, the New South Wales coal group. It has interests in the Hunter Valley, at Avon and near Cullen Bullen in New South Wales, and in the Clarence-Moreton basin in Queensland.

But the scope for major expansion in the Australian industry, by Total or any other international oil company, is limited without the participation of Australian equity.

ROUND-UP

According to **Nippon Steel**, a group of four Japanese steel firms has signed a contract to buy 160,000 tonnes of iron ore from the Soviet Union for shipment in 1979 under a four-year supply agreement which started in 1977. The agreement calls for an annual supply of 1m tonnes but Nippon Steel is reported to have said that the Soviet Union has reduced its supply this year because of a low exportable surplus. The ore comes from the Krivoirog mines on the Black Sea coast.

* * *

An exploration programme is being planned by **Cultus Pacific** and its partner **York Resources** at their Australian Benambra copper prospect in New South Wales following preliminary reconnaisance work. The 528 kilometre prospect adjoins **Western Mining's** high grade copper find. Cultus and York say that in the preliminary work three locations containing oxidised outcrop rocks were examined and were considered to be of particular interest.

Asarco is confident

"THE outlook for the remainder of the year continues good," says Mr. Charles F. Barber, chairman of **Asarco**, the major U.S. base-metals group. He adds that, "the fundamentals remain sound and we are aware of no significant inventory accumulations by our customers.

"Thus, even if the now apparent flattening in business conditions in the U.S. runs its course, we do not anticipate any repetition of the sharp downturn in the metal markets that occurred in 1974."

As already reported, Asarco's first quarter 1979 net earnings amounted to $37.3m (£18m), or $1.22 per share, compared with a loss of $11.1m in the first quarter of 1978. The latest results reflect higher metal prices, notably of copper, lead and silver, coupled with increased production.

In addition, Asarco continued to sell previously accumulated metal stocks at about the same rate as in the latter part of 1978 when such sales resulted in a "last in, first out" pre-tax profit of $37.4m. The latest sales produced even higher revenue but no profits were recognised from this source for the quarter, they are only taken into account for the full year.

Dividend from Golden Mile

KALGOORLIE LAKE VIEW, the Western Australian gold producer, has made the first dividend distribution to its three shareholders since incorporation in 1973. As a result of this **Gold Mines of Kalgoorlie**, which holds 47 per cent, has declared a dividend of three cents (1.6p).

The total amount of the KLV distribution is A$980,000 (£524,485), of which A$460,600 goes to GMK. The same sum goes to **Poseidon Investments**, successor to the ill-fated nickel concern, which also holds 47 per cent of KLV. *Western Mining*, the remaining shareholder, with 6 per cent, receives A$58,800.

KLV was formed by the merger of a number of mines on the Kalgoorlie "golden mile." Later it joined with **Homestake Mining** of the U.S. to form **Kalgoorlie Mining Associates**, with Homestake holding 48 per cent and KLV holding 52 per cent. KLV's dividend distribution itself springs from a distribution of A$2m from Kalgoorlie Mining Associates.

After several lean years, Kalgoorlie Mining Associates is embarking on expansion with preliminary development at the Fimiston leases. The base of its operations has been the Mount Charlotte gold mine. Yesterday in London, shares in Gold Mines of Kalgoorlie were unchanged at 62p. *Poseidon shares were up 2p* at 40p and Western Mining were unchanged at 147p.

PROFITS SURGE AT FREEPORT

Freeport Minerals, the U.S. group, expects to have 1979 first quarter earnings of about $1.4[illegible] (70p) *a share, the second highest* quarterly figure on record, Mr Paul Douglas, the president, told the annual meeting in New York.

The figure contrasts sharply with the 48 cents a share earned in the same period of 1978 and shows that the profits upsurge apparent in the last quarter of 1978 has continued. Net income for the whole of 1978 at $31.3m (£15.1m) was worth $2.07 a share.

Helped by the strong demand for agricultural minerals, new income from natural gas operations and improved prices for copper, income at Freeport could continue at the strong first quarter level for at least six months, Mr. Douglas said.

He also told shareholders that loan financing of $101.5m has been arranged for the Ertsberg East copper project in Indonesia

NORTH AMERICAN NEWS

Currency translations give Xerox a boost

By Stewart Fleming in New York

XEROX, the U.S. copier and duplicator manufacturer, has reported a sharp rise in first-quarter earnings, partly as a result of the favourable impact of foreign currency translation.

The company said yesterday that net income was 27 per cent higher than a year ago at *$133.8m or $1.66 a share*, compared with $105.6m, or $1.31 a share.

Total operating revenues rose from $1.35bn to $1.57bn.

First-quarter rental and *service revenue was 12* per cent higher, while revenue from the outright sale of copiers and duplicators and other Xerox products increased by 27 per cent.

The *outright* sale of equipment boosts profits in comparison with leasing, which spreads the earnings stream over a number of years.

Xerox pointed out that the *profits it reported were* the highest for any first quarter in the company's history, and that operating revenues were a record for any Xerox quarter.

Monsanto rise in first quarter

By Our Financial Staff

FURTHER EVIDENCE of the significance to company profits of the recovery of the dollar is indicated by the first quarter outcome at Monsanto, the major chemicals and fibres producer. Net earnings have risen by 19.2 per cent to $161.8m, with share earnings up from $3.71 to $4.44. At $1.62bn, sales showed a 21 per cent gain.

But the net earnings figure includes a gain of 18 cents a share on foreign currency translation, against a similar loss of 35 cents last time.

The company said it is "cautious about the balance of the year for several reasons." It referred, among other factors, to sharply rising costs for feedstock raw materials and continuing losses at its European nylon operations and plastics subsidiary in Spain.

Selling prices in the first quarter were up 6 per cent and U.S. prices 4 per cent. The company's sales gains came mostly from increased physical volumes which rose 15 per cent on the comparable quarter.

Upturn at IU International

By Our Financial Staff

The Delaware-based transport and utility company IU International reports that net earnings from operations, before foreign currency adjustments, increased by 29 per cent to 72 cents a share in the first quarter, compared with 56 cents a year ago. After currency adjustments, net earnings for the quarter were $20.7m or 59 cents a share, down from $23.2m or 69 cents *a share in the opening* quarter of 1978. First quarter revenues rose by 15 per cent to $722.7m, up from $630.2m a year earlier.

First quarter currency adjustments, which chiefly reflected the rising value of the Canadian dollar, reduced net earnings by 13 cents a share, compared with a gain from currency adjustments of 13 cents a year ago.

Oil groups open year with strong gains in earnings

BY OUR FINANCIAL STAFF

AMONG A number of other major oil companies to report progress for the first quarter, Gulf Oil announced that net earnings had jumped by 60 per cent to $249m, or from 79 cents a share to $1.28. Sales of $5.57bn showed a rise of 14 per cent.

Mr. Jerry McAfee, the chairman, said that in light of the first quarter performance he is recommending a $100m increase in the group's domestic capital and exploration budget. Some $2.25bn will be spent worldwide, with about $1.5bn spent in the U.S.

Shell Oil reported an increase of 16 per cent to $223.9m in net earnings for the quarter, with share earnings up from $1.31 a share to $1.47. Sales jumped by 19 per cent to $2.6bn.

Shell Canada turned in net earnings of $46.1m or 42 cents against $36.9m or 37 cents, on sales of $791m against $655m.

Net earnings at Marathon Oil doubled to $104.5m, or from $1.66 a share to $3.45, on sales of $1.47bn, which was 20 per cent higher. The net included an extraordinary credit of $23.6m or 78 cents a share, against a non-recurring gain of $10.1m or 33 cents a share in 1978.

A rise of 80 per cent brought net earnings at Texaco to $306.9m, with share earnings of $1.13 against 63 cents. Sales gained 19 per cent to $8.36bn.

The net includes foreign currency translation gains of $7.6m compared with losses of $26.5m last year. Net income for the 1979 quarter, however, was reduced by about $83m as a result of extending the Lifo accounting method to inventories of crude oil petroleum products and petrochemicals outside the U.S. effective from January 1.

Indiana Standard well ahead

BY OUR FINANCIAL STAFF

STANDARD OIL of Indiana reports net income for the first quarter of 1979 of $349.1m, a 28 per cent increase over the $273.5m earned in the first *quarter of 1978. Earnings per* share were $2.39 compared with $1.87.

Revenues for the first quarter advanced by 15 per cent to $4.4bn.

Mr. John E. Swearingen, chairman and chief executive, said that the increased earnings reflected improved refining, marketing and transport earnings overseas, which were up significantly from last year. Also contributing were higher natural gas and crude oil prices worldwide and improved chemical volumes and margins.

Earnings from overseas petroleum operations increased by 94 per cent to $123.6m. Exploration and production earnings accounted for $82.2m of the total, up by 17 per cent. Higher worldwide crude oil prices and increased sales of natural gas more than offset the loss of earnings resulting from the shutdown of the company's production in Iran.

Earnings from downstream operations overseas amounted to $41.4m compared with a loss last time of $6.6m, which reflected a $10m charge associated *with the loss of* the tanker Amoco Cadiz.

Earnings from domestic petroleum operations totalled $201.8m, a 9 per cent increase. Of this amount, exploration and production operations accounted for $166.5m, up 17 per cent.

First quarter earnings from domestic downstream operations declined by 20 per cent to $35.3m.

Kennecott to keep Carborundum

BY OUR NEW YORK CORRESPONDENT

KENNECOTT COPPER, the leading U.S. copper producer, has decided not to sell its Carborundum division, a decision which consigns to the history books one of the most bitterly fought proxy battles Wall Street has witnessed.

In December of last year, in an effort to halt the conflict which had arisen as a result of Kennecott's purchase for $571m of the abrasives manufacturing company Carborundum, Kennecott appointed a special committee to examine whether the subsidiary should be sold.

Kennecott bought Carborundum in 1977, using funds brought in by the sale of its Peabody coal subsidiary following an unfavourable anti-trust ruling. The Carborundum acquisition was attacked by shareholders as too expensive, and Mr. Roland Berner, chairman of Curtiss-Wright, which *owns 11 per cent of Kennecott*, led a proxy battle to unseat the management.

That effort was barely defeated, and the result was challenged, raising the prospect of a protracted attack which would be damaging to the company. The compromise of a special committee of the Board to examine the issue was agreed when a new chairman and chief executive, Mr. Thomas D. Barrow, was appointed by Kennecott.

Kennecott said, however, that it is examining alternatives suggested by the committee, which involve the possible divestiture of operations which do not fit the company's business strategy.

RESULTS IN BRIEF

New York Times advances

NEW YORK—Net income of **New York Times Company**, parent company of the New York Times newspaper, for the first quarter of 1979 was $7.64m, or 64 cents a share, against $7.01m, or 61 cents a share. *Sales revenues moved ahead* from $138.3m to $145.1m.

The Milwaukee-based brewing company **Joseph Schlitz Brewing Company** recorded an unchanged loss per share for *the first quarter of 5 cents*, while for the same period the motor components manufacturer **Maremont Corporation** advanced from 47 cents to 68 cents.

Also for the first quarter, elevator valves maker **Dover Corporation** raised per-share earnings from $1.08 to $1.56, **Combined Communications**, with interests in outdoor advertising, TV and radio, moved ahead from 41 cents to 51 cents, and the transport and manufacturing concern **Consolidated Freightways** expanded from 88 cents a share to $1.32.

Automatic Data Processing *lifted first-quarter net earnings* from 48 cents a share to 58 cents, and clothing manufacturer **VF Corporation** moved up from 69 cents a share to 80 cents a share for the same period.

Instrument manufacturer **Conrac Corporation** recorded a downturn in first-quarter earnings from 44 cents a share to 40 cents, while **Ideal Toy** reported a net loss for the fourth quarter of the current fiscal year of $5.97m against a loss of $284,000.

First-quarter net income of **First Boston Incorporated** was $3.87m or 88 cents a share com*pared with a loss of $685,086 or* 20 cents a share, while Western Union experienced a downturn in the first quarter from 56 cents a share to 45 cents.

Agencies

AMERICAN QUARTERLIES

Company	Period		1979 $	1978 $
AMERICAN BROADCASTING	First quarter	Revenue	451.6m	415.1m
		Net profits	26.47m	21.39m
		Net per share	0.91	0.78
ANCHOR HOCKING	First quarter	Revenue	182.4m	168.2m
		Net profits	9.98m	6.22m
		Net per share	1.46	0.91
ARMCO	First quarter	Revenue	1.22bn	946.2m
		Net profits	58.38m	30.24m
		Net per share	1.27	0.64
ASARCO	First quarter	Revenue	402.3m	242.8m
		Net profits	37.35m	†11.13m
		Net per share	1.22	†0.42
		† Loss.		
BECTON DICKINSON	Second quarter	Revenue	203.5m	178.4m
		Net profits	15.9m	14.3m
		Net per share	0.77	0.70
	Six months	Revenue	386.2m	333.5m
		Net profits	29.3m	26.5m
		Net per share	1.43	1.29
BETHLEHEM STEEL	First quarter	Revenue	1.74bn	
		Net profits	59.2m	1.1m
		Net per share	1.36	0.02
BURNDY	First quarter	Revenue	55.9m	42.7m
		Net profits	5.03m	3.65m
		Net per share	0.81	0.58
CAROLINA POWER AND LIGHT	First quarter	Revenue	235.2m	249.7m
		Net profits	44.09m	39.24m
		Net per share	0.92	0.89
CINCINNATI MILACRON	First quarter	Revenue	172.4m	147.8m
		Net profits	10.39m	6.79m
		Net per share	1.39	0.92
CIT FINANCIAL	First quarter	Net profits	27.04m	16.27m
		Net per share	1.30	0.78
CLARK EQUIPMENT	First quarter	Revenue	414.4m	336.1m
		Net profits	28.19m	20.79m
		Net per share	2.10	1.52
CONE MILLS	First quarter	Net profits	8.65m	8.79m
		Net per share	1.49	1.52
CONSOLIDATED EDISON	First quarter	Revenue	810.0m	814.7m
		Net profits	89.57m	87.01m
		Net per share	1.12	1.41
CUMMINS ENGINE	First quarter	Revenue	450.62m	360.38m
		Net profits	22.54m	20.84m
		Net per share	2.66	2.47
CYPRUS MINES	First quarter	Revenue	85.4m	42.6m
		Net profits	11.83m	†7.46m
		Net per share	1.10	†0.74
		† Loss.		
DENNYS	Third quarter	Revenue	154.2m	132.1m
		Net profits	4.74m	4.62m
		Net per share	0.53	0.52
	Nine months	Revenue	485.4m	400.7m
		Net profits	18.37m	17.17m
		Net per share	2.06	1.93
DETROIT EDISON	First quarter	Revenue	432.5m	388.0m
		Net profits	34.62m	4.13m
		Net per share	0.52	0.07
DRAVO	First quarter	Revenue	159.5m	157.3m
		Net profits	3.7m	844,000
		Net per share	0.61	0.16
EASTERN AIRLINES	First quarter	Revenue	661.73m	584.42m
		Net profits	13.24m	19.52m
		Net per share	0.48	0.92
ENGELHARD MINERALS	First quarter	Revenue	2.8bn	1.8bn
		Net profits	47.53m	25.20m
		Net per share	1.43	0.77
FMC	First quarter	Revenue	769.7m	633.4m
		Net profits	38.9m	31.8m
		Net per share	1.17	0.94
FREEPORT MINERALS	First quarter	Revenue	105.36m	74.5m
		Net profits	20.24m	3.29m
		Net per share	1.45	0.21
GIDDINGS AND LEWIS	First quarter	Revenue	54.2m	42.2m
		Net profits	5.54m	3.21m
		Net per share	1.07	0.62
HARVEY HUBBELL	First quarter	Revenue	89.0m	50.0m
		Net profits	6.62m	3.44m
		Net per share	1.07	0.62
HEUBLEIN	Third quarter	Revenue	406.8m	371.2m
		Net profits	14.0m	11.1m
		Net per share	0.64	0.51
	Nine months	Revenue	1.33bn	1.20bn
		Net profits	52.3m	42.3m
		Net per share	2.37	1.94
KANEB SERVICES	First quarter	Revenue	83.9m	64.8m
		Net profits	9.19m	7.85m
		Net per share	0.41	0.35
MISSOURI PACIFIC	First quarter	Revenue	506.2m	426.1m
		Net profits	31.82m	23.23m
		Net per share	2.03	1.60
McLEAN TRUCKING	Third quarter	Revenue	139.4m	118.2m
		Net profits	2.39m	1.27m
		Net per share	0.43	0.23
	Nine months	Revenue	407.5m	358.5m
		Net profits	9.49m	10.10m
		Net per share	1.69	1.80
NALCO CHEMICAL	First quarter	Revenue	136.6m	106.3m
		Net profits	15.3m	11.1m
		Net per share	0.77	0.56
NATIONAL AIRLINES	Third quarter	Revenue	175.6m	163.8m
		Net profits	5.15m	6.57m
		Net per share	0.61	0.77
	Nine months	Revenue	487.7m	434.9m
		Net profits	10.57m	8.07m
		Net per share	1.24	0.94
NATIONAL-STANDARD	Second quarter	Revenue	90.17m	75.46m
		Net profits	3.45m	3.18m
		Net per share	0.84	0.77
	Six months	Revenue	188.46m	144.69m
		Net profits	6.92m	6.77m
		Net per share	1.68	1.63
NEW YORK STATE E & G	First quarter	Revenue	171.76m	162.78m
		Net profits	24.22m	24.47m
		Net per share	0.81	0.98
NORTHWEST BANCORP	First quarter	Net profits	25.34m	21.09m
		Net per share	0.96	0.81
PAN AMERICAN WORLD AIRWAYS	First quarter	Revenue	501.0m	443.2m
		Net profits	†8.9m	†24.1m
		Net per share	†0.12	†0.57
		† Loss.		
PHILADELPHIA ELECTRIC	First quarter	Revenue	419.2m	402.0m
		Net profits	57.19m	55.63m
		Net per share	0.60	0.61
RAMADA INNS	First quarter	Revenue	86.5m	73.2m
		Net profits	1.53m	785,000
		Net per share	0.06	0.03
R. J. REYNOLDS	First quarter	Revenue	1.97bn	1.6bn
		Net profits	131.4m	95.0m
		Net per share	2.45	1.84
RYDER SYSTEMS	First quarter	Revenue	316.0m	241.8m
		Net profits	11.6m	9.9m
		Net per share	0.73	0.64
SAFECO	First quarter	Revenue	277.7m	262.4m
		Net profits	27.79m	29.08m
		Net per share	1.41	1.47
G. D. SEARLE	First quarter	Revenue	233.0m	195.2m
		Net profits	18.29m	16.23m
		Net per share	0.35	0.31
SPRINGS MILLS	First quarter	Revenue	180.3m	180.4m
		Net profits	8.02m	†2.17m
		Net per share	0.93	†0.25
		† Loss.		
STANLEY WORKS	First quarter	Revenue	210.0m	175.3m
		Net profits	12.48m	9.05m
		Net per share	1.04	0.77
SUNDSTRAND	First quarter	Revenue	212.7m	176.0m
		Net profits	13.75m	10.73m
		Net per share	0.80	0.64
J. WALTER THOMPSON	First quarter	Revenue	51.5m	44.0m
		Net profits	690,000	537,000
		Net per share	0.23	0.18
TEXTRON	First quarter	Revenue	854.1m	727.2m
		Net profits	41.77m	39.83m
		Net per share	1.11	1.06
TRANSUNION	First quarter	Revenue	201.2m	179.6m
		Net profits	11.13m	13.35m
		Net per share	0.93	1.13
TIGER INTERNATIONAL	First quarter	Revenue	200.5m	138.9m
		Net profits	11.6m	5.1m
		Net per share	0.80	0.40
TRW	First quarter	Revenue	1.06bn	870.4m
		Net profits	43.8m	35.8m
		Net per share	1.19	0.98
U.S. GYPSUM	First quarter	Revenue	354.5m	311.8m
		Net profits	31.99m	21.21m
		Net per share	1.80	1.17
U.S. TOBACCO	First quarter	Revenue	55.1m	49.5m
		Net profits	7.82m	6.78m
		Net per share	0.88	0.77
WARNER-LAMBERT	First quarter	Revenue	764.6m	642.6m
		Net profits	57.22m	52.26m
		Net per share	0.72	0.66
WHITE MOTOR	First quarter	Revenue	319.8m	281.6m
		Net profits	6.66m	†7.51m
		Net per share	0.78	†0.94
		† Loss.		
ZENITH RADIO	First quarter	Revenue	237.4m	213.9m
		Net profits	3.7m	1.1m

INTERNATIONAL CAPITAL MARKETS

Eurobond prices drift in quiet trading

By Francis Ghilès

ALL MAJOR sectors of the Eurobond markets were very quiet yesterday. In the dollar sector, trading was described by dealers as virtually nonexsitent, with some professionals marking down prices a fraction in the hopes of attracting some business.

In the Swiss franc foreign bond market, prices have moved up by an average of one point since Monday, although trading is said not to be very active by dealers. This upward trend appears to be the result of the Swiss National Bank's decision, announced last week, to support the domestic bond market at current price levels.

A SwFr 25m 4 per cent private placing has been arranged for Japan Development and Construction through a group of banks led by Banque de Paris et des Pays Bas (Geneva). Other final terms include a maturity of five years and 11 months and a pricing at par.

The French state railways company SNCF is expected to reopen the Swiss franc public bond market soon with a SwFr 100m offering through Soditic. This issue was planned two months ago, but had to be put off because of the deterioration of the market. The terms paid by this prime borrower will be of great interest to the market, because of the French Treasury's traditional view that French borrowers should borrow at prime terms.

Prices in the Deutsche-Mark sector were off by about ½ point across the board yesterday. The continuing weakness of this sector of the market suggests *that the DM 200m offering for* Tokyo Electric through Westdeutsche Landesbank will be priced later today at a discount.

The Kuwaiti Dinar 12m 7½ per cent issue for Norges Kommunalbank has been priced by the lead manager Kuwait Investment Company at 99½. The maturity of this issue is 10 years.

A Y10bn 12-year private placing for Jugobanka has been arranged by Long Term Credit Bank of Japan. The coupon paid by the borrower is 7.6 per cent with pricing at par. The same bank has arranged a Y10bn private placement for the Development Bank of the Philippines. The maturity is 16 years and the bond carries a guarantee of the Republic of the Philippines.

Bank of England plan for Eurocurrency reporting

BY MARY CAMPBELL

THE Bank of England is planning to strengthen its reporting requirements for the Eurocurrency business of banks in Britain by requiring them to consolidate selected figures for their foreign branches and subsidiaries with figures for head office business. It is having a meeting with the British *Bankers Association tomorrow* to take a first look at the details.

The kind of information which the Bank is likely to require includes a country by country breakdown of the deposits and lending by these foreign branches and subsidiaries. Loans (not deposits) to each country would in turn be broken down according to the date on which they are due to mature. This is the same kind of information banks are already required to provide semi-annually on their head office business for the purposes of a report by the Bank of England to the Basle-based Bank for International Settlements (BIS).

The Bank is also likely to want indications of the extent to which the risk of loans which are nominally attributable to one country should be transferred to another. For example, if a British bank were to make a loan to, say, the Bahamas branch of a U.S. bank, this might more accurately be reported as a U.S. risk rather than Bahamas risk.

This last proposal, which would apply to head office loans as well as loans by foreign branches and subsidiaries, is completely new. Bankers' immediate reaction was that it would be difficult to implement since assessment of where the true risk should lie would have to be made individually in the case of each loan.

British banks were first informed of the Bank's intention to require this consolidation last year. The invitation for tomorrow's meeting went out at the beginning of this month.

The initiative is part of a general move by the central banks of major industrialised countries to improve the information available for assessing risks being run by banks in their international business. Hitherto, only the U.S. and Canadian authorities have required regular reports of consolidated figures. But the Bundesbank in its latest annual report on Monday said that German banking law might be amended to introduce similar reporting requirements there, while the Cooke Committee on international bank supervision is believed to be pressing for generalised change in this direction.

The banks required to meet the reporting requirements are expected to include all those incorporated in the UK—i.e. consortium banks and subsidiaries of foreign banks as well as banks which are British-owned. The requirements are likely to cover majority-owned subsidiaries abroad as well as branches and wholly-owned subsidiaries. Inclusion of minority-owned subsidiaries may also be required in cases where the commitment of the head office is bigger than its nominal shareholding would imply.

MEDIUM-TERM CREDITS

Korea Electric to raise $100m

BY OUR EUROMARKETS STAFF

A $100m 10-year "tax-sparing" credit is to be raised for Korea Electric in the Euromarkets by Midland Bank and Hill Samuel. Syndication of the credit started yesterday.

The loan carries a spread of ½ per cent over interbank rates.

The low spread is explained *by the special advantages* enjoyed by UK-based banks which participate in the loan, which improves their return.

Under the terms of the double taxation treaty between the UK and South Korea, withholding tax is being effectively spared at the rate of 10 per cent on the interest on the loan which is paid to the banks, which then receive an offset against UK corporation tax.

Proceeds will finance part of the power development programme of Korea Electric.

Banque Nationale d'Algerie has just arranged a $50m five-*year loan on a spread of 1 per* cent throughout with a group of banks led by the National Bank of Abu Dhabi.

Meanwhile, Sonatrach is raising funds to finance the con*struction of a gas pipeline from* Hassi R'Mel to Arzew. The loans include a $40.1m portion, which is in the form of a financial credit: terms include a spread of 1½ per cent for 10 years with four years grace through a group of banks led by Continental Illinois. This loan is guaranteed by Banque Exterieure d'Algerie.

A further $91.6m is needed by the borrower to finance the U.S. goods and services needed to complete this pipeline. Of the total $68.7m comes in the form of a pure Exim Bank credit with a gaurantee from *the Banque Algerienne de* Developpement.

An amount of $9.1m will be provided by the banks led by Continental Illinois for three and a half years with a spread *of 1 per cent. Banque Exterieure* d'Algerie is providing a guarantee.

The state phosphate company of Morocco, Office Cherifien des Phosphates, is expected to award a mandate shortly for a lines.

Meanwhile, Sonatrach is raisto complete this pipeline. Of $200m loan. Terms are widely anticipated to include a margin of ⅝ per cent over the interbank rate for at least part of the life of the loan.

Brascan set on Woolworth bid

TORONTO—Brascan Ltd. has reaffirmed its plans to pursue its offer to acquire F. W. Woolworth in a letter sent to Edper Investments Ltd.

Mr. John H. Moore, the chairman of Brascan, said that the company now plans to hold its annual meeting on June 26, but this may be subject to further postponement.

In a letter to shareholders accompanying the annual report, he noted that plans were made some months ago to hold the annual meeting on May 23, but it became necessary to *defer the meeting because of* the proposed offer for Woolworth. He hopes the final decision on the meeting date can be made during May.

Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market *exists. For further details of these or other bonds see the complete list of Eurobond prices published* on the second Monday of each month.

Closing prices on April 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	83¾	84¾	−0¼	−0½	9.84
CECA 9½ 84-99	50	96	96½	0	0	9.59
Canada 9 83	400	97⅞	98⅜	0	+0⅛	9.75
Canada 9⅛ 98	350	96⅛	97⅛	0	0	9.84
Comalco Inv. E. 10⅛ 91	40	98⅞	99	0	0	10.42
Dow Chem. O/S 9⅜ 94	200	97½	98	0	+0⅛	9.91
EIB 9⅛ 98	125	94⅞	95⅜	0	0	9.92
EIB 9⅞ 86	150	99⅞	100	0	0	9.90
EIB 9⅞ 99	100	99⅞	100¼	−0⅛	0	10.12
Export Dv. Cpn. 9.85 84	150	100½	101	0	+0⅛	9.87
Export Dv. Cpn. 9⅜ 84	100	97½	98	−0⅛	0	9.84
Eksportfinans 9 86	50	96	96½	−0⅛	0	9.71
Finland 9 88	100	95⅛	95⅝	0	0	10.00
Finland 9⅛ 86	100	97½	98	−0⅛	+0⅛	9.96
GTE Fin. 9⅞ 84	50	98⅜	98⅝	0	+0⅛	9.92
Gould Int. Fin. 9⅞ 85	50	99⅞	100	0	+0⅛	9.79
Hospital O/S 9 83	25	97⅞	98⅛	+0⅛	+0⅛	9.55
Hudson Bay Co. 10 94	50	100½	101	−0⅛	0	9.89
Ital Finance 9⅞ 90	30	94⅛	94⅝	0	−0⅛	10.60
J. C. Penney 8⅞ 83	100	95⅞	96⅜	0	−0⅛	9.55
Manitoba 9½ 89	75	97⅜	97⅞	0	0	9.90
New Brunswick 9⅞ 94	75	98	98½	0	+0⅛	9.97
Newfoundland 10 94	50	99⅞	100	−0⅛	+0⅛	10.03
Norsk Hydro 9⅞ 94	50	95⅛	95⅝	0	0	9.83
Norway 9⅞ 84	150	100⅛	100⅝	0	0	9.87
Portland 10 84	50	97½	98	0	0	10.60
Redland Fin. XW 9½ 91	25	93⅜	93⅞	+0⅛	+0⅛	10.45
Sears Roebuck 9 82	150	98⅜	98⅞	−0⅛	0	9.51
Stockholm 9⅞ 94	60	99⅞	100⅛	−0⅛	+0⅛	9.99
UK 8⅞ 93	150	95⅞	96⅛	0	0	9.63
Quebec 10⅛ 86 C$	50	98⅞	99⅛	0	0	10.46
Komm. Inst. 7½ 93 EUA	15	97½	98⅛	0	0	7.71
Panama 8½ 93 EUA	20	96½	98	+0⅛	+2⅛	8.56
SOFTE 8½ 89 EUA	40	97⅞	98½	0	−0⅛	8.54
Algemene Bk. 6⅞ 83 Fl	75	95⅞	96⅛	−0⅛	−0⅛	7.42
CFE Mexico 7⅞ 83 Fl	75	97⅞	98⅛	−0⅛	−0⅛	8.31
EIB 7⅞ 85 Fl	75	94⅞	94⅞	−0⅛	−0⅛	8.38
Ned. Middbk. 8⅛ 84 Fl	75	99⅞	100⅛	−0⅛	−0⅛	8.21
New Zealand 8⅞ 84 Fl	75	93⅞	94⅛	−0⅛	−0⅛	8.14
Norway 8⅞ 84 Fl	100	100⅞	101⅞	0	−0⅛	7.55
Elf Aquitaine 9⅞ 88 FFr	150	98⅞	99⅛	0	−0⅛	9.92
EIB 9⅞ 88 FFr	200	99	99½	0	0	9.86
Norway 9⅛ 84 FFr	200	99⅛	99⅞	−0⅛	−0⅛	9.37
PSA Peugeot 9⅞ 87 FFr	175	99⅛	99⅞	0	−0⅛	9.85
Solvay et Cie 9⅞ 87 FFr	125	99⅛	99⅞	0	0	9.87
Total Oil 9⅞ 87 FFr	150	97⅞	97⅞	0	−0⅛	9.84
Unilever 10 85 FFr	100	100⅞	101½	−0⅛	−0⅛	9.74
CECA 9⅞ 89 £	20	90⅞	91⅞	0	−0⅛	11.12
Citicorp 10 93 £	20	90	90⅞	0	−1⅛	11.41
EIB 9⅞ 88 £	25	94⅞	95⅞	−0⅛	−1⅛	10.62
Finance for Ind. 13 91 £	15	103⅞	104⅞	−0⅛	−1⅛	12.31
Gen. Elec. Co. 12½ 89 £	50	101⅞	102⅞	0	−1⅛	12.11
BAT 8 88 LuxFr	250	97⅞	98⅞	−0⅛	+0⅛	8.35
Bayer Lux. 8 86 LuxFr	250	97⅞	98⅞	−0⅛	0	8.34
EIB 7⅞ 88 LuxFr	250	96⅞	97⅞	−0⅛	0	8.18
Euratom 8 87 LuxFr	500	99⅞	100⅞	−0⅛	−0⅛	7.95
Finland I. F. 8 88 LuxFr	250	97⅞	98⅞	−0⅛	0	8.33
Norway 7⅞ 83 LuxFr	250	97⅞	98⅞	−0⅛	0	8.35
Norges Km. 8 86 LuxFr	500	98⅞	99⅞	−0⅛	+0⅛	8.15
Oslo, City of 8 89 LuxFr	500	98⅞	99⅞	0	+0⅛	8.09
Renault 7⅞ 88 LuxFr	500	97⅞	98⅞	−0⅛	0	8.08
Solvay Fin. 8 85 LuxFr	500	100⅞	101⅞	−0⅛	−0⅛	7.86
Swedish Bk. 8 88 LuxFr	500	99⅞	100⅞	−0⅛	−0⅛	7.97

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	92⅞	93⅛	0	−0⅛	6.73
Argentina 6½ 88	150	93⅛	93⅞	0	+0⅛	7.45
Australia 6 88	250	95⅞	96	−0⅛	−1⅛	6.64
Austria 5⅞ 90	150	90⅞	91½	−0⅛	−1	6.88
Banco Desarrollo 7⅛ 86	100	96⅛	96⅞	−0⅛	−1½	7.95
Bankamerica 5⅞ 90	150	92	92⅞	−0⅛	−0⅛	6.72
Bq. Ext. Algerie 7⅛ 85	100	96⅞	97⅛	−0⅛	+0⅛	7.82
Brazil 7⅛ 87	150	99⅛	99⅞	−0⅛	−0⅛	7.35
CECA 6 88	150	93⅞	94⅛	−0⅛	−1½	6.89
Ch. Manhttn. O/S 6 93	100	94⅞	95⅛	−1⅛	−2⅛	6.55
Copenhagen City 6 90	75	91⅞	92⅞	−0⅛	−0⅛	7.06
Council of Europe 6⅛	130	94⅞	95⅛	−0⅛	−1⅛	6.98
Denmark 5⅞ 85	100	95⅛	95⅞	−0⅛	−1⅛	6.68
Denmark 6½ 89	100	95⅞	96⅛	−0⅛	−0⅛	7.06
EIB 5 90	300	91⅛	92	−0½	−1⅛	7.09
EIB 6½ 91	200	95⅛	95⅞	−0⅛	−1⅛	7.07
Eletrobras-Brazil 7 87	100	95⅛	96⅛	−0⅛	−0⅛	7.72
Eurofima 6½ 89	100	100	100⅛	+0⅛	−0⅛	6.44
Finland 6 83	150	98⅛	99⅛	+0⅛	−0⅛	6.18
Hitachi Ship. 5⅞ 83	50	96⅞	96⅞	−0⅛	−1⅛	6.64
Indonesia 7 84	100	96⅛	97⅛	−0⅛	−0⅛	7.74
Kobe, City of 5⅞ 88	100	95⅞	96⅛	−0⅛	−0⅛	6.41
Mogal Fin. 7 89	150	98⅛	99⅛	0	−0⅛	7.11
Mitsubishi Patro. 5⅞ 85	100	96	96⅞	−0⅛	−0⅛	6.48
New Zealand 6⅞ 87	200	98⅛	98⅞	−0⅛	−1	6.50
Nippon Kokan 7½ 8.	100	98⅞	99⅛	−0⅛	−0⅛	7.68
Nippon Steel 5⅞ 85	100	92⅞	93½	−0⅛	−2	7.12
Nippon Tel. & T. 5⅞ 87	100	91⅞	91⅞	−0⅛	−1⅛	8.95
Nordic Inv. Bk. 6⅛ 86	60	97½	98⅛	−0⅛	−0⅛	6.65
Norges Komm. 6 90	100	93⅞	94⅛	−0⅛	−0⅛	6.81
Norges Komm. 6⅞ 89	150	95½	96	−1⅛	−1⅛	6.86
Norway 6⅞ 84	200	100⅛	101	−0⅛	−0⅛	6.07
Occidental 6⅞ 90	150	95⅞	96⅛	−0⅛	−0⅛	7.25
OKB 6½ 88	100	98⅛	99	0	−0⅛	6.69
OKB 6 87	40	96	96⅞	−0⅛	−0⅛	6.61
Petroleo Brazil 7 88	100	96⅞	97⅛	−1	−0⅛	7.48
Ricoh 5⅞ 83	30	95⅞	95⅞	−0⅛	−0⅛	6.44
Statoil 6 88	150	94⅞	95⅛	−0⅛	−0⅛	6.73
Statoil 6½ 89	150	97⅛	97⅞	0	−0⅛	6.84
UDS Group 5⅞ 83	65	94⅞	95⅛	−0⅛	−0⅛	6.76
Union Bank-Finn 6½ 88	50	93⅞	94	−0⅛	−0⅛	7.44
Venezuela 6½ 90	150	90⅛	90⅞	−0⅛	−1⅛	7.79
World Bank 6⅞ 88	400	95⅛	96	−0⅛	−0⅛	6.88

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅞ 88	40	104	104½	+0⅛	+1⅛	4.67
Amer. Exp. Int. 3½ 93	40	84½	95	+1⅛	+1⅛	3.98
Asian Dev. Bank 3⅞ 94	100	87⅞	88⅛	+0⅛	+1⅛	4.62
Austria 3⅞ 93	100	93⅛	93⅞	0	+0⅛	4.09
Australia 3⅞ 89	250	96	96⅛	+0⅛	+0⅛	4.11
Brazil 4⅛	100	99	99⅛	+0⅛	+1⅛	4.34
Canada 3⅞ 89	300	96	96⅛	+0⅛	+0⅛	4.11
Chase Manhattan 4 93	70	99⅛	100	+0⅛	+2	4.01
Council of Europe 4⅛	100	98⅞	99	+0⅛	+1⅛	4.37
Bankamerica 3⅞ 93	80	95⅛	96	+0⅛	+1	4.13
RNDE 5 88	75	100	100½	+1⅛	+1⅛	4.96
Denmark 4½ 90	100	102	102⅛	+1⅛	+2	4.24
EIB 4⅛ 93	100	97⅛	98	+0⅛	+1⅛	4.45
Euratom 4⅛ 93	80	95	95⅛	+0⅛	+1⅛	4.72
F. L. Smidth 4½ 89	25	98½	99	+0⅛	−0⅛	4.65
Finland 4⅛ 93	80	99⅞	100	+0⅛	+1	4.52
GZB 4½ 93	100	100	100⅛	+0⅛	+1⅛	4.49
Heron 4⅞ 89	35	95⅞	95⅞	+0⅛	+1⅛	4.85
ICI Fin. NV 3½ 94	230	91½	91⅞	+0⅛	+0⅛	4.27
Malaysia 4⅛ 90	80	97⅛	97⅞	+0⅛	+0⅛	5.07
New Zealand 3½ 94	120	92⅛	92⅛	+0⅛	+1	4.18
OKB 3⅞ 91	100	96	95⅞	−0⅛	+1⅛	4.28
Pfand Ost Lande 4 90	60	†98⅛	96⅛	—	—	4.39
Philippines 4⅞ 89	50	97	97⅞	0	+0⅛	5.13
Sandvik 4 90	85	98	98⅞	+1⅛	+4⅛	4.19
Spain 4 91	100	96	97	+0⅛	+1⅛	4.38
Vienna 4 93	100	95	95½	+0⅛	0	4.45
World Bank 4⅛ 93	250	96	96⅞	+0⅛	−3⅛	4.61

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅞ 88	15	85⅞	86⅛	0	+1⅛	7.92
Australia 5.6 83	30	93⅞	94½	0	−0⅛	7.27
Australia 6½ 88	20	91⅞	92⅛	+0⅛	+0⅛	7.82
Finland 5.6 83	10	92⅞	93⅞	0	0	7.50
Finland 6.8 88	10	92⅞	93⅛	0	−0⅛	8.06

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98⅞	99½	0	+0⅛	9.25
Ex. Dev. Cpn. 10 84 C$	50	99½	100	0	0	10.06
Hudson Bay 10½ 89 C$	60	99⅞	100⅛	0	0	10.50

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0½	96⅞	97⅛	31/7	11.44	11.78
BFG Fin. Co. M5.5 89	0⅛	98½	99	12/7	12.4	12.56
Banco di Roma M6 87	0⅛	98⅞	98⅞	28/4	—	—
Bco. El Salvador M8 83	1⅛	97⅞	97⅞	12/10	12⅛	12.58
Bco. Nac. Argnt. M8 83	0⅛	100⅛	100⅞	21/7	12⅛	12.20
Bco. Nac. Argnt. 7 86	0⅛	97⅛	98⅛	22/9	11½	11.73
Banco Urquijo 6 86	0⅛	97⅞	98⅛	21/9	11½	11.75
Bank of Tokyo M5½ 93	0⅛	97⅞	98⅛	18/10	11⅛	11.99
Bq. E. d'Alg. M8.375 84	0⅛	97	97½	9/8	11⅞	12.21
Bq. Ext. d'Alg. M7 5 85	0⅛	95⅛	95⅞	2/5	12⅞	13.35
Bq. Indo et Suez M5½	0⅛	99⅛	100	25/7	12	12.03
Bq. I. Af. Occ. M6.5 83	0⅛	98⅛	98⅞	12/7	12.4	12.60
BNP 5½ 91	0⅛	97⅞	98⅛	22/2	11½	11.62
CCCE M5.25 98	0⅛	97⅛	97⅞	3/8	11⅛	11.65
Ch. Man. O/S M5⅛ 93	0⅛	98⅞	98⅞	27/7	11.73	11.90
Citicorp O/S Fin. 6 94	0⅛	98⅛	98⅞	8/6	11.06	11.12
Credit National M5⅞ 88	0⅛	98⅛	98⅞	11/7	12.31	12.48
Gotabanken M6 88	0⅛	98⅞	98⅞	15/5	12.31	12.48
Ind. Bk. Japan M5½ 85	0⅛	99⅛	100⅛	1/6	12.35	12.33
LTCB Japan M5½ 85	0⅛	99⅛	99⅛	9/5	12.06	12.12
Midland Intl. M5½ 93	0⅛	98⅞	99⅛	20/7	12⅛	12.35
Nipp. Crdt. Bk. M5.5 85	0⅛	99⅛	100⅛	22/6	12.81	12.83
OKB M5½ 88	0⅛	99⅛	99⅛	18/10	11.44	11.49
Offshore Mining 86	0⅛	99⅛	99⅛	19/7	12.19	12.25
Petro Mexicano 7½ 84	0⅛	98⅞	99⅛	24/7	12.06	12.18
Privredna Banka M8 86	0⅞	96⅞	97⅛	22/6	13.44	13.89
Standard Chrt. M5.5 90	0⅛	97½	98	10/8	11.56	11.83
Sundsvallsbkn. M6 85	0⅛	97½	98	4/10	11.06	11.32
Texas Int. Air. M7 86	0⅛	97⅞	98⅛	11/10	11⅛	11.48
Utd. Overs's Bk. M6 89	0⅛	97⅞	98⅛	29/9	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Beker Int. Fin. 5½ 93	1/79	34	115⅛	117	−0⅛	0.81
Boots 6⅛ 93	2/79	2.16	113⅛	114⅛	+1⅛	−4.51
Ciba-Geigy O/S F. 4 94	9/79	675	92⅛	93⅛	−0⅛	−17.38
Coca-Cola Bottling 6⅛	4/79	9	90	91⅛	−0⅛	25.48
Esselte 7⅛ 89	9/79	159	97⅛	97⅞	−0⅛	5.02
Honda Motor 5½ 89	5/79	532	102⅛	103⅛	−0⅛	−2.90
Ito-Yokado 5⅞ 93	6/78	1339	108⅛	109⅛	+0½	0.77
Nevo Industri 7 89	4/79	259	87⅛	89⅛	+0⅛	7.55
Texas Int. Air. 7½ 93	4/79	14.5	89½	90⅛	−0½	16.16
Thorn Int. Fin. 7 88	11/78	3.67	136⅞	137⅞	+2⅛	−1.69
Asahi Optical 3⅞ DM	12/78	598	91⅛	92⅛	−1⅛	3.04
Casio, Cp. 3⅛ 85 DM	11/78	841	91⅛	92⅛	−0⅛	14.03
Izumiya 3⅛ 86 DM	10/78	989	88⅛	89⅛	+0⅛	−1.25
Jusco 3½ 86 DM	1/79	1154	86⅛	87⅛	+0⅛	26.04
Kansai Elec. 4 84 DM	4/79	1350	89⅛	90⅛	−0⅛	34.06
Konishiroku 3½ 86 DM	1/79	612	92	93	−0⅛	14.08
Marudai Food 3⅛ DM	2/79	1033	86⅛	87⅛	0	30.99
Murata M. 3⅛ 86 DM	11/78	854	97	98	−1	5.50
Nipp. Air. 3.5 88 DM	12/78	508	84⅛	85⅛	−0⅛	9.70
Nippon Ysn. 3⅛ 86 DM	1/79	251	92⅛	93⅛	+0⅛	10.66
Nissan Diesl. 3½ 86 DM	2/79	477	93⅛	94⅛	−0⅛	5.21
Olymp. Opt. 3⅛ 85 DM	2/79	703	100⅛	101⅛	0	0.28
Ricoh 3½ 86 DM	10/78	617	92⅛	93⅛	−0⅛	13.10
Sharp Crn. 3½ 86 DM	2/79	437	96⅞	96⅞	−0⅛	8.04
Stanley Elec. 3½ DM	11/78	623	89⅛	90⅛	−0⅛	23.30
Tokyo Elec. 3½ 87 DM	4/79	476	91⅛	92⅛	−1⅛	17.65
Tokyo Ld. Co. 4 86 DM	4/79	493	87⅛	88⅛	−0⅛	12.51
Trio-Knwd. 3½ 86 DM	11/78	711	86⅛	87⅛	0	13.20

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week*=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

Akzo sees further earnings upturn

BY CHARLES BATCHELOR IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, expects a further modest improvement in its 1979 result, after climbing back into profit last year.

The company, which last paid a dividend, of Fl 4 per Fl 20 nominal share, in 1974, does not exclude the possibility of resuming the payment this year but there are many uncertainties, Mr. Adolf van den Bos, the group president, said. The return to a dividend will be given the highest priority as soon as it can in any way be justified by the result.

A profit of around Fl 400m would be an acceptable level for Akzo, although it would not wait for this figure to be reached before resuming dividend payments. Board members *indicated after yesterday's Press* conference that net profits of *Fl 100m to Fl 120m* might be possible this year.

Last year, the group produced a net profit, after extraordinary items, of Fl 24m ($11.6m) after a loss of Fl 166m in 1977 and a total deficit of Fl 759m in the three years 1975-77.

The company's goal of reaching a healthier and more balanced product package in which specific know-how plays a larger part will not be reached until the late 1980s, it said in its annual report.

An improvement in the short-term will depend on the still unresolved negotiations within the EEC for fibre capacity cuts and currency movements, which lopped Fl 500m off 1978 sales.

The impact of higher raw materials prices is a further uncertainty. The company's present forecast was made before the latest announcement of oil price increases.

Akzo plans to make an ordinary bond issue on the Dutch capital market later this year. The company's liquidity is strong, the overall financial position is sound and the domestic and international capital markets continue to view Akzo favourably, Dr. Kruisinga said.

In the longer term it would aim to increase its share capital. It will have to refinance borrowings of Fl 125-200m a year in Holland over the next five years. This will require a cautious approach in view of the limited size of the Dutch market.

Akzo expects to invest Fl 500m in capital equipment and participations in 1978. It hopes to decide this year on the construction of an electrolysis *plant, probably in Rotterdam,* costing more than Fl 200m. Fixed asset investment rose by 6 per cent to Fl 434m in 1978, while spending on participations was 50 per cent up at Fl 90m.

The improvement in the 1978 result was in line with expectations, although calculating assets at replacement rather *than historic* value still produced a loss, before extraordinary items, of Fl 31m, compared with a profit of Fl 49m on an historic cost basis.

Operating profit rose by 60 per cent to Fl 474m in 1978 but after allowing for overheads and other costs not attributable to specific sectors, profit was 75 per cent higher at Fl 421m. Sales were 2 per cent higher at *Fl 10.67bn ($5.18bn).*

Kleber goes deeper in the red

BY DAVID WHITE IN PARIS

KLEBER-COLOMBES, number two to Michelin in the French tyre industry, suffered a sharply higher loss last year and blamed it mainly on a weak market for passenger car tyres.

At group level, the loss soared to FFr 98m ($22.4m) from FFr 37m on sales increased by 7.5 per cent to FFr 2.29bn. The parent company's loss was doubled to FFr 92.8m from FFr 46.7m. Parent company sales, a third of which were ex*ports, rose by 4 per cent to* FFr 1.9bn.

At the beginning of this year Kleber-Colombes, in which Michelin has the largest shareholding, broke off a five-year-oid agreement with the Austrian tyre company Semperit.

Under the 1973 agreement, the company was 50 per cent owned by an international holding company, Semkler, which in turn was jointly owned by Michelin, Austria's Creditanstalt banking group, and Credit Suisse. Semkler at the same time held just over two-thirds of Semperit.

* * *

THE IMPROVED financial position of France's big retail groups is confirmed by a FFr 10.1m ($2.3m) profit from Galeries Lafayette, the leading Paris department store which also controls the Monoprix supermarket chain.

The profit comes after a loss of almost the same amount—FFr 9.5m—in 1977, and took into account a FFr 15m loss relating to the company's Lyons subsidiary.

Sales by the parent company rose by 9.3 per cent last year to FFr 1.35bn from FFr 1.24bn. The company is not paying a dividend.

The results are in line with those announced earlier this month by Galeries Lafayette's *neighbour* on the Boulevard Haussmann, Au Printemps, which showed a FFr 74m parent company net profit in 1978 compared with a FFr 57m loss the year before.

Bofors advance to continue

BY VICTOR KAYFETZ IN STOCKHOLM

WITH A year-end order backlog for defence material totalling SKr 3.6bn ($818m) and a favourable trend for its chemicals company, Sweden's Bofors group predicts in its annual report that these two product areas will again be the main source of group profit, which is expected to top the SKr 117m ($26.6m) pretax figure recorded last year.

Group turnover rose more than 19 per cent to SKr 2.79bn ($634m) last year and order intake was SKr 2.94bn, or more than 20 per cent above 1977.

Of the group's 1978 operating profit of SKr 92m, defence material contributed SKr 111m on sales of SKr 1.29m and Bofors-Nobel, the chemical company, added SKr 43m on turnover of SKr 583m.

The steel company, Bofors Staal, reported an operating loss of SKr 38m on sales of SKr 598m and expects no upswing this year. But the annual report predicts a gradual elimination of losses as a result of cost-cutting measures and a shift to finished products while phasing out semi-manufactures.

Bofors-Nohab, which had an operating loss of SKr 35m on 1978 turnover of SKr 319m, sold its diesel engine manufacturing unit to a new company, Nohab-Diesel, in which the Finnish company Wartsila has a 51 per cent interest.

The remaining units, which make water turbines, locomotives and presses, expect low utilisation during the first half of 1979 but a gradual recovery in activity and earnings thereafter.

* * *

FAGERSTA, the Swedish special steels company, has reached agreement with employees on a mid-year shutdown of its ore-based carbon steel operations, including several mines and a blast furnace at Fagersta.

Despite the one-time costs this will entail, a continuing sales recovery which began late in 1978 has improved capacity utilisation to the point where pre-tax earnings should move into the black in 1979 following last year's loss of SKr 36.8m ($8.4m), the annual report predicts.

A rise in foreign demand plus new rules on price-setting for stainless steel within the European Common Market were instrumental in last autumn's turnaround. The company's order backlog, which at the end of 1978 stood at SKr 390m or SKr 100m higher than a year earlier, has grown further during January and February.

Carbon steel accounted for losses last year larger than the company's total loss figure, the annual report stated. "Sizeable losses" for stainless steel pipe and steel castings were due to weak demand in Sweden for these products.

Profits rise at Banco de Vizcaya

By David Gardner in Madrid

BANCO DE VIZCAYA, one of Spain's "big seven" banks, turned in a net profit of Pta 3.23bn ($7.61m) last year, a rise of 17.7 per cent on 1977. Deposits increased by 19.8 per cent to Pta 367.2bn.

Although a national bank, Vizcaya is based in the Basque country, which has suffered heavily from the structural crisis of the integrated steel and shipbuilding sectors, and the recission in the capital goods industry. The bank has therefore had to be particularly prudent in its investment and credit policy towards the area's heavy industry, with which i[t] has a long association.

At its annual general meeting *this year it has provided more* information than is usual in the Spanish banking system, and claims that only 15.2 per cent of its outstanding loans—to some 50 clients—top the Pta 300m mark, and that its risks are widely spread.

In common with other banks it has widened its safety net f[ar] beyond the legal requirement and increased the servicing o[f] its equity portfolio, to a total o[f] Pta 5.24bn. At the same time, [it] has contributed Pta 33.2b[n] under Government directe[d] loans to strategic sectors of th[e] economy.

Its cashflow position compare[s] favourably with most of [its] competitors increasing 38.1 pe[r] cent last year to Pta 9.74bn while its capital and reserve[s] rose 26.7 per cent to Pta 30.1bn.

To counteract the increasin[g] inroads into commercial ban[k] deposits made by the saving[s] banks, Vizcaya has introduce[d] a more sophisticated and com[-]petitive savings account boo[k]. While its own deposits hav[e] grown, it has lost ground in th[e] national ranking to the Ban[co] de Santander, falling to six[th] place, although the net resu[lt] *of this might be that it is le[ss]* called upon by the governme[nt] to participate in the refloati[ng] of companies in difficulties.

The bank's foreign busine[ss] has grown remarkably, yieldi[ng] a profit of Pts 1.4bn, 19.7 p[er] cent up on 1977. It has tak[en] part in 44 syndicated loans against 20 in 1977—wor[th] $3.72bn. This helped offset t[he] negative effects of the Gover[n]ment's tight control on cre[dit] at home, a policy which w[as] criticized as insufficient by t[he] bank's chairman.

Dutch builder forecasts steady progress

THE HAGUE—Holland's second largest construction group, results this year to be in line with those in 1978, when net profit rose to Fl 56.3m ($28.15m) from Fl 48.6m.

According to the company's annual accounts, sales will not be behind the Fl 2.48bn of 1978, and may even rise, despite building delays in Holland due to the prolonged frost period at the beginning of the year. Of total 1978 sales, Holland accounted for about 45 per cent compared with 42 per cent in 1977, while the share of countries outside Europe dropped to 38 per cent from 43 per cent.

Orders in hand at the end of 1978 fell to Fl 2.7bn from Fl 3.4bn at the end of 1977, partly due to completion of dredging work in Saudi Arabia. The order portfolio showed a favourable development in the first few months of the current year, although this was unequally shared among the different group sectors.

Capital investment in 1979 will be in line with the Fl 133m in 1978.
Reuter

Swiss Banks conform to new capital ruling

BERNE—Banks in Switzerland had to increase their capital an average of 7.4 per cent as a result of the Federal Banking Commission's consolidation requirement which went into effect for 1977 annual results, Mr. Hermann Bodenmann, commission president, said.

From the beginning of 1978 the average prescribed 6.57 per cent ratio of shareholders' equity to total liabilities was calculated on the basis of the consolidated, rather than the officially published, balance sheets, he told the Commission's annual Press conference.

The published balance sheets of 103 banks totalled SwFr 233.9bn at end 1977 while the consolidated figure reported to the commission was only SwFr 251.3bn, Bodenmann said. This difference necessitated capital increases totalling SwFr 1.14bn.

At the beginning of 1978 nine banks did not fulfil the new capital requirements. The total deficiency was SwFr 620m, he added.

In its annual report published yesterday, the Commission said it might ask the government at the end of this year to make it possible for banks to include subordinated loans in their capital. At present these loans are considered part of bank's liabilities.

The international activities of the banks make it increasingly *difficult* for the national authorities to fulfil their supervisory function, the Commission said.
Reuter

Algeria wins Geneva case

BERNE — The Swiss Federal Banking Commission yesterday recognised the Algerian Government as the *de facto* owner of a commercial Arab bank in Geneva which held the missing multi-million war treasure of the former Algerian National Liberation Front (FLN).

A commission announcement said that a study of all documentary evidence of the case led to the conclusion that the majority of the share capital of the Geneva Banque Commerciale Arabe was bought in 1963 for the account of the Liberation Front, whose legal successor is the Algerian Republic.
AP-DJ.

Austrian union bank issue

By Paul Lendvai in Vienna

BAWAG, THE Austrian tr[ade] union bank, has floated its fi[rst] ever loan issue, totalling S[ch] 400m ($29m).

Herr Walter Floettl, chairman and director-gene[ral] said that this is the first e[ver] loan in the history of the ba[nk]. Total assets at Bawag h[ave] jumped from Sch. 11.4bn [in] 1971 and to Sch 51.8bn last ye[ar].

The bank opted for a r[ela]tively small issue in order [to] underline the aim of promot[ing] long-term savings and to prov[ide] for a firm level of the issue [in] the future. The Sch. 400m l[oan] is floated in two tranches, e[ach] with a nominal interest rate [of] 7.25 per cent.

Upturn expected by Swiss chemical group

BY JOHN WICKS IN ZURICH

AN IMPROVEMENT in both sales and profits is expected this year by Sandoz, the Swiss chemical group, provided the foreign exchange markets maintain their relative stability into the summer.

In the first quarter of this year, all sectors of activity had experienced a rise in local-currency sales except the food division. In terms of Swiss francs, sales had fallen by 2.9 per cent while rising by 6.2 per cent at unchanged exchange rates. The period was not, however, comparable with the corresponding quarter of 1978 due to bad weather in the U.S., the loss of the majority shareholding in the Nigerian affiliate Ovaltine (West Africa) and the UK lorry-drivers' strike.

Last year, group turnover fell by ten per cent to Swfr 4.29bn. This was a result of the massive appreciation of the Swiss franc, since, in terms of local currency, sales rose by as much as 11 per cent.

At the same time, valuation losses due to parity changes reached a level of Swfr 127m for the year. This was partially offset by cost reductions due to the currency situation of some Swfr 700m, as well as further savings, rationalisation measures, price increases and earnings on additional business. Consequently, group net profits dropped by only Swfr 58m to Swfr 156m last year.

Sandoz, whose parent-company profits rose by SwFr 1m to a net SwFr 79.1m in 1978, considers results were "highly satisfactory." Dividend is to be maintained at 26 per cent.

Research and development expenditure fell from SwFr 404m to SwFr 378m last year, but the decline was due wholly to the difference in exchange rates. Operations in this field in fact continue with a moderate upward trend and R and D expenditure remains at 9 per cent of turnover. Fixed-asset investments totalled SwFr 233m, or about previous years' levels, and will keep at about the same figure in 1979.

With regard to the individual divisions, Sandoz expects "real" growth of some 7-8 per cent this year in pharmaceuticals, assuming stable prices and exchange rates. The world market for pharmaceuticals is seen as growing by 5 to 7 per cent during 1979.

In dyes, where 1978 turnover declined by 14.8 per cent to SwFr 1.07bn, despite a 3.9 [per] cent rise in terms of l[ocal] currency, the company exp[ects] a slight volume increase in 1[979]. Agro-chemical business sho[wed] a jump in local currencies [of] 33.5 per cent last year and a [...] per cent improvement on a [con]solidated basis to SwFr [...]. 1979 is seen as a "good ye[ar]" with relatively high [...] volumes and a low [...] position at present.

Elsewhere, the seeds div[ision] —whose 1978 turnover [of] SwFr 384m is not compar[able] with figures of the prev[ious] year—expects a rise in busi[ness] volumes for 1979 des[pite] possible difficulties in the market. Turnover of the [...] division is affected by de[con]solidation of Ovaltine (W[est] Africa) but prospects for [the] sector are optimistic.

JAPANESE SECURITIES HOUSES

Bond market fall lowers profits

BY YOKO SHIBATA IN TOKYO

THE EARNINGS performance of Japan's four major securities companies, Nomura, Nikko, Daiwa and Yamaichi were affected by the sharp decline in the bond market in the half-year to March. The companies all registered record earnings in the previous business half-year to September. However, unexpected price falls in the bond market centred on the Government bonds since the turn of this year eroded profits of each company.

For example, the Government bond with a yield of 6.1 per cent which was traded at Y97 at the beginning of this year sagged to Y90 at the end of last month. As a result, Japanese securities companies suffered heavy losses in bond related earnings (commission receipts and earnings from bond transaction).

Nomura's profits on sales of bonds during the period under review amounted to 18 per cent of those in the same period in the previous year, Nikko's 3 per cent, Daiwa's 9.6 per cent and Yamaichi's 0.5 per cent.

However, reflecting a brisk turnover in the stock market, commission receipts on stock transactions fared well, accounting for 68 per cent of the annual totals in the previous year for Nomura, 65 per cent for Yamaichi, 61 per cent for Daiwa and 51 per cent for Nikko.

The financial balance of each of the securities companies also improved strongly, up 40 per cent for Nomura (to Y12.6bn), up 27 per cent for Nikko (to Y7.7bn), up 37 per cent for Daiwa (Y5.7bn) and up 58 per cent for Yamaichi Securities (to Y5.4bn) over the corresponding period in the previous fiscal year.

Nomura's operating revenue rose by 2.8 per cent to Y105.65bn, operating profits by 17.5 per cent to Y39.93bn, and net profit 3.8 per cent to Y20.35bn over the same period in the previous year. Nikko's operating profits declined by 16.7 per cent to Y25.09bn, and *net profits by 13.6 per cent to* Y13.45bn, on operating revenue of Y65.80bn, down 6.7 per cent. Daiwa's operating profits declined by 10 per cent to Y15.47bn, net profits dropped by 7.5 per cent to Y8.36bn, on operating revenue of Y56.59bn, down 2 per cent. Yamaichi's operating profits went up by 15.7 per cent to Y14.17bn, and net profits by 5.4 per cent to Y7.51bn.

In the current fiscal half-year, ending this September, Nomura, Daiwa and Yamaichi expect that the bond market will bottom out around May and that bond related earnings will recover, while there will be in addition continuing favourable conditions on the stock market. As a result, these three expect to register operating profits well above those in the previous six months.

Nikko Securities has a less favourable approach to the outlook for the bond market, and with the company having the largest holding of bonds (mostly convertible) in value among *the four. According to Nikko,* if the bond market continued to be dull, the company would incur Y5bn of losses on sales of bonds. As a result, Nikko expects that its operating profits for the current six months will decline by 30 per cent over the previous half year.

FIRST-HALF RESULTS

	Revenue Ybn	% change	Operating profits Ybn	% change	Net profits Ybn	% change
Daiwa	56.59	−2	15.48	−10	8.36	− 7.5
Nikko	65.80	−6.7	25.09	−16.7	13.45	−13.6
Nomura	105.66	+2.8	39.93	+17.5	20.35	+ 3.8
Yamaichi	55.70	+9.5	14.18	+15	7.51	+ 5.4

Komatsu climbs to new peak

TOKYO — Komatsu the world's second largest manufacturer of construction machinery, raised its consolidated net income by 53.4 per cent to a record Y19.62bn ($91m) in 1978, from Y12.79bn in the previous year.

Sales rose by 13 per cent to Y479.73bn ($2.2bn), from Y424.46bn. Earnings a share increased to Y25.57 from Y18.20.
Reuter

Japan studies National Bond deals

TOKYO — The same type of smoothing operation as applied to the foreign exchange market, is possible in the National Bond market, the Finance Bureau director, Takashi Tanaka said.

In an interview with the financial daily, Nihon Keizai, he said that either the Finance Ministry's Trust Fund Bureau might underwrite the National Bonds, or the Bank of Japan might intervene in the market to prevent erratic fluctuations.

New measures being considered by the Ministry included private placements of new types of national bonds, a large increase in the volume of medium-term bond issues from the presently scheduled Y2,700bn, as *well as the underwriting of* National Bonds by the trust fund bureau.

● Japanese securities companies and banks are to raise the coupon rate on corporate bonds by 0.7 per cent from next month, the underwriters association said.

The new coupon rate for 12-year corporate bonds, double-A grade, will be 7.5 per cent, to be issued at 99.50 per cent, to yield 7.579 per cent to subscribers on maturity.

The association also said that the underwriters agreed to introduce six-year corporate *bonds for the first time on the* Japanese capital market. Such bonds, double-A grade, would have a coupon of 7.2 per cent and an issue price of 99.75 per cent, to yield 7.259 per cent.

Hino Motor Company is expected to issue a Y5bn ($23m) six-year bond, double-B grade, next month with a coupon of 7.4 per cent to be issued at 99.75, to yield 7.460 per cent.
Reuter

HINDALCO

Birlas opposes Kaiser sale

BY R. C. MURTHY IN BOMBAY

KAISER ALUMINUM is to sell its Rs 26m ($3.2m) stake in the Birlas-managed Hindustan Aluminium Corporation (Hindalco) and leave the country. Behind Kaiser's decision, says Mr. D. P. Mandelia, special adviser to Hindalco, are the threats of nationalisation held out periodically by the Government against the company and prospects of better returns for investment elsewhere. Kaiser is going ahead with the implementation of an equity stock disinvestment plan as stipulated by the Government in spite of opposition from the Birla representatives on the Hindalco Board.

The Government's equity disinvestment plan wants Kaiser to sell to public financial institutions the bulk of the 2.6m equity shares of Rs 10 each at Rs 20 per share, with the remainder to be disposed of through a public offer. The market quotation for the shares is currently Rs 34.50.

Birlas is upset over Kaiser agreeing to the Government's terms for disinvestment, which if implemented, will threaten the premier position of Birlas in Hindalco. The Government, through its financial institutions, will become the single largest shareholder. With a shareholding of 14 per cent in the Rs 100m paid-up capital of the company, the Government needs to acquire a little over 12 per cent to dominate the management of Hindalco.

At the outset, Kaiser was agreeable to the suggestion of Birlas to defer equity shares disinvestment plans pending attempts to get the terms changed in favour of a rights issue to the existing shareholders. Moves of this kind over the past three months have not yielded results. The American company does want to delay indefinitely and prefers not to be embroiled in a Birlas Government battle.

Having failed in attempts to get the terms of the disinvestment plan altered, Birlas are making efforts to buy time. At the Hindalco annual meeting on April 9, the chairman, Mr. G. D. Birla, announced—apparently in response to the urging by shareholders—a proposal to consider a bonus share issue. The company's free reserves (arrived at after setting off current liabilities against current assets) are 2.6 times the paid-up capital.

Kaiser Aluminium will have to reconsider its equity disinvestment plan in the light of the bonus share issue proposal. It has already taken into consideration Hindalco's higher dividend distribution on equity shares for 1978 and prospects of improved productive capacity utilisation in the next few years.

Hindalco's sales in 1978 were Rs 631.9m, against Rs 667.1m in 1977. It produced 65,979 tonnes of aluminium in 1978, against 73,119 tonnes in 1977, accounting for 66 per cent of capacity. Pre-tax profits for 1978 were Rs 112.60m, against Rs 133.0m, and net profits Rs 34.7m, compared with Rs 53.2m. The dividend on equity shares was stepped up to 12.5 per cent, from *10 per cent in 1977, despite the* lower profits.

The company is establishing a second captive power plant, of 70 MW (the first one, of 138 MW is already operating) with the help of loans from financial instituitons. Three international bids have been made—from General Electric, of the U.S., Poland and Siemens, through the state-owned Bharat heavy electricals—for the Rs 375m order.

Higher tax cuts into earnings at Metcash

BY JIM JONES IN JOHANNESBURG

METRO Cash and Carry (Metcash), South Africa's largest and fastest-growing wholesaler, has reported a 36 per cent increase in turnover to R330.6m ($389m) for the year to February 24, 1979, from R243.2m in the previous year. At the same time, total group pre-tax profit recorded a 52.5 per cent improvement to R11m ($13m) against R7.2m although a higher tax incidence meant that the increase in net profit was only 44.5 per cent to R6.2m, compared with R4.3m.

Metcash improved its trading results through a combination of new outlets, broader product range and better internal operating efficiencies.

This was achieved in a year in which growing unemployment among South Africa's black population, which Metcash serves through important sales to corner shops, cut into disposable incomes.

The company is confident that it has not reached the end of its growth. It has introduced a range of sanitary ware and building supplies and proposes expanding the number of outlets dealing in these high margin goods during the current year. Last year the number of outlets increased from 72 to 96, and by the end of the current year the group plans to have 116 stores trading.

From earnings up from 126.1 cents to 182.2 cents per share dividends totalling 86 cents against 56 cents have been declared. At the current price of R16.5 in Johannesburg the shares yield 5.2 per cent.

Interest rates hold back Wah Kwong Shipping

BY PHILIP BOWRING IN HONG KONG

WAH KWONG Shipping and Investment, Hong Kong's third largest shipping group, reported a 2.4 per cent advance in after-tax profit for 1978 to HK$75.8m (US$14.69m). A final dividend of 22 cents was declared making a total of 31 cents, an increase of one cent.

Mr. T. Y. Chao, the chairman, said that the second half had been affected by rising interest rates but shipping demand for both tankers and bulk carriers had improved. During the year the group sold four vessels and bought six bringing its fleet to 33 vessels—mostly bulk carriers—totalling 2.1m dwt. The shares moved up on the profit news but are still yielding 9 per cent and are selling at only six times earnings.

Sharp fall at BP Australia

BY JAMES FORTH IN SYDNEY

BRITISH PETROLEUM Company of Australia suffered a sharp downturn in 1978, with earnings almost halved, from A$29m (U.S.$32.2m) to A$14.7m. Moreover, the profit was almost entirely accounted for by the coal subsidiary, Clutha developments in which BP recently acquired the outstanding 50 per cent. Earnings of Clutha tumbled 22 per cent from A$29.5m to A$23m, reflecting lower demand for coal exports and higher Federal and state levies on coal.

BP owned 50 per cent of Clutha until June 30, when it acquired the remainder from the Daniel K. Ludwig Organisation. Clutha contributed A$6.1m in the first-half, when partly-owned, and A$8.53m in the second-half. The directors said that if current cost accounting had been used rather than historical cost, the group would have recorded a loss for the year.

Profit for 1978 had been adversely affected by several factors, including delayed recovery of costs, irregular refinery supply and expensive product imports to maintain supply. Action by the Federal Government in the 1978-79 Budget to raise the price to refiners of all domestic crude oil production to import parity had a significant impact. Full recovery of added costs was delayed until October.

Another petroleum group, the French-controlled Total Holdings (Australia) paid a dividend of A$2.5m to its parent company after earning A$4m in 1978. It was the first payment to the parent, Compagnie Francaise des Petroles, since Total was established in 1955. The Total directors said that comparison with the A$5.1m declared for 1977 was inappropriate because 1977 benefited from high carry forward entitlements of then low cost Australian crude oil, which had been under-utilised by Total in 1976, together with high stocks of aromatics held by the associated Petrochemical Holdings Group, which produced an exceptional profit of about A$1m for the Total group.

COMPANY NOTICES

GENERAL MINING AND FINANCE CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
DIVIDEND NO. 106—COUPON NO. 108

Holders of share warrants to bearer will receive payment on or after the 4th May, 1979 at the rate of 22.19825p the amount declared per share less 3.32974p being South African Non-resident Shareholders' tax of 15% against surrender of Coupon No. 108.

Coupons must be deposited for THREE CLEAR DAYS for inspection before payment will be made:—
In London at National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12, Throgmorton Avenue, London, E.C.2.
In Paris at Credit du Nord et Union Parisienne, 6 & 8, Boulevard Haussmann.
In Basle at Swiss Bank Corporation.
In Zurich at Credit Suisse.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	p
Amount of Dividend after deduction of South African Non-resident Shareholders' Tax of 15% ...	18.86851
Less: United Kingdom Income Tax of 18% on the gross amount of the Dividend of 22.19825p	3.99568
	14.87283

Listing forms can be obtained on application to the National Westminster Bank Limited, at the address shown above.

By Order.
GENERAL MINING AND FINANCE CORPORATION LIMITED
L. W. HUMPHRIES
London Secretary.

London Office:
Princes House,
95, Gresham Street,
London, EC2V 7EN.
23rd April, 1979.

NOTE:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-resident Shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18 per cent instead of at the basic rate of 33 per cent represents an allowance of credit at the rate of 15 per cent.

The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 22.19825p multiplied by the number of shares held.

SELECTED RISK INVESTMENTS S.A.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Selected Risk Investments S.A. will be held at its registered office at 10, Boulevard Roosevelt, Luxembourg, at 11 o'clock a.m., on 15th May, 1979, for the purpose of considering and voting upon the following matters:

1. To accept the Directors' and Auditor's reports and to approve the financial statements for the year ended 31st December, 1978.
2. To approve the appropriation of the net profit and to declare a dividend for 1978 of US$0.25, as recommended by the Board, and fix its date of payment.
3. To discharge the Directors and the Auditor from their responsibilities for all actions taken within their mandates during the year 1978.
4. To elect as a Director Mr. Fopbertus HOOGENDIJK and to determine the Chairman's and other Directors' emoluments for 1979.
5. To determine the Auditor's fees for 1978 and to elect the Auditor for 1979.
6. To confirm the appointment and the remuneration of the investment advisers for 1979.
7. To decide on any other business which may properly come before the meeting.

[illegible]

THE BOARD OF DIRECTORS.
10, Boulevard Roosevelt,
Luxembourg.
25th April, 1979.

INTERNATIONAL COMMODITY SHARE FUND

"ICOFUND S.A.H."
in voluntary liquidation
Société Anonyme
23, avenue de la Porte-Neuve
LUXEMBOURG
R.C. Luxembourg B 7.942

NOTICE

Pursuant to a resolution of the Annual General Meeting of Shareholders held on the 11th of April, 1979, payment of US$0.20 per share will be made on the 2nd May, 1979.

Paying agents:
—Banca Commerciale Italiana in Milan;
—Banca della Svizzera Italiana in Lugano and in Zürich;
—Banque de Paris et des Pays-Bas in Paris, Amsterdam, Brussels, Genova and London;
—Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg in Luxembourg.

CONTRACTS AND TENDERS

SYRIAN ARAB REPUBLIC
GENERAL ADMINISTRATION FOR THE DEVELOPMENT OF EUPHRATES BASIN
(G.A.D.B.)
No.: 721/MID/3
CALL FOR OFFERS

The General Administration for the Development of the Euphrates Basin wishes to buy the following Machines and Equipment.

Kind	Quantity
—Truck with tyres	(1)
—Truck with chain	(1)
—A unit for storing cement including construction	(1)
—A cement transportation lorry	(4)
—Weighing-Bridge with its construction	(1)
—Dumper Lorry	(10)
—Bus	(4)
—Micro-Bus	(2)

According to the technical specification in the conditions book which is available from the General Administration for the Development of the Euphrates Basin at Thawra or its centers in Damascus, Aleppo or Raqqa after paying 100 Syrian Pounds for the documents.

—Time of delivery:	Shortest possible time
—Interim deposit:	3% of the amount of offer
—Final Deposit:	5% of the Bond
—Delay fine:	One over one thousand for every day of delay

Offers are submitted in a sealed envelope addressed to G.A.D.B. containing:
—An envelope No. A containing: Data about the offer, exposer and technical specifications.
—An envelope No. B containing: Interim Deposit.
—An envelope No. C containing: Financial Data.

Offers must be submitted to G.A.D.B. at Thawra or its centre in Damascus, Aleppo or Raqqa not later than the official duration of Thursday 17/5/1979. (C&F).

Offers will be rejected when arriving after that date.

The Administration has the authority to divide or accept a part of one offer. (According to price and specifications). Also the exposer can offer a part of the fore equipment or machines.

The exposer is compelled for his offer up to 60 days after the date of announcement.

General Director,
Michel ABD-ALLA.

SYRIAN ARAB REPUBLIC
GENERAL ADMINISTRATION FOR THE DEVELOPMENT OF EUPHRATES BASIN
(G.A.D.B.)
No.: 742/MID/3
CALL FOR OFFERS

[illegible]

General Director,
Michel ABD-ALLA.

RESIDENTIAL PROPERTY

CLUBS

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1976 AND IN THE MATTER OF DONALDSON TRANSPORTATION LIMITED IN LIQUIDATION

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a GENERAL MEETING of the MEMBERS and CREDITORS of the above named company will be held at the offices of Coopers & Lybrand, 1, Noble Street (entrance in Staining Lane), London EC2V 7DA, on Friday, 25th May, 1979, at 10.45 and 10.50 am respectively, for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding-up to date.

Proxies for the meeting must be lodged at the address below not later than 4.00 pm on the 24th day of May, 1979.

Dated this 10th day of April, 1979.
P. F. M. SHEWELL, Liquidator.
Abacus House,
Gutter Lane,
Cheapside,
London EC2V 8AH.

HOLIDAY ACCOMMODATION

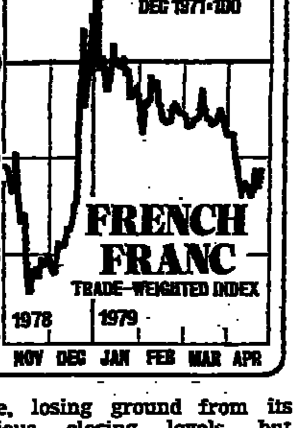
APPOINTMENTS

Companies and Markets

CURRENCIES, MONEY AND GOLD

Dollar easier

MAJOR currencies showed little change in quiet trading in the foreign exchange market yesterday. Sterling opened at $2.0690-$2.0700, its highest level of the day, and touched a low point of $2.0650-2.0660 in nervous early trading. The pound settled around $2.0675 for most of the remainder of the day, and closed at $2.0670-2.0680, a fall of 10 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, was unchanged throughout at 66.9. The dollar's index, on Bank of England figures, eased to 85.9 from 86.0. The U.S. currency also traded within a very narrow range, losing ground from its previous closing levels, but finishing around the best level of the day.



It fell to DM 1.8960 from DM 1.9000 against the D-mark, to FFr 4.3560 from FFr 4.3680 against the French franc, and to SwFr 1.7170 from SwFr 1.7190 in terms of the Swiss franc. The dollar was unchanged against the Japanese yen at Y218.20, while the Canadian dollar was firm, rising to $7.66½ U.S. cents from 87.54½.

The Irish punt rose to $2.0180 from $2.0125 against the dollar, and recorded small mixed changes within the European Monetary System. It rose very slightly to DM 3.8227 from DM 3.8225 against the D-mark, eased to FFr 8.7888 from FFr 8.7900 in terms of the French franc, and improved to Fl 4.1444 from Fl 4.1410 against the guilder. The Irish currency also rose to BFr 60.71 from BFr 60.6015 against the Belgian franc, to DKr 10.6615 from DKr 10.6445 against the Danish krone, but fell to L1,704.54 from L1,707 in terms of the lira.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8953 yesterday, compared with DM 1.9019 previously. Trading was light and quiet, with the U.S. currency recovering slightly from its morning low of DM 1.8925. In the absence of any news, profit-taking tended to depress the dollar, while the market awaits the U.S. consumer price index later this week.

MILAN—The dollar and sterling lost ground against the lira, with trading slow ahead of today's national holiday. The U.S. currency fell to L844.95 from L846.55, and the pound to L1,748.15 from L1,752.70. EMS currencies were generally firmer at the fixing however, with the D-mark rising to L446.17 from L445.10, and the guilder to L411.46 from L410.98.

TOKYO—The dollar eased to Y218.17½ at the close, from Y218.62½ against the yen on Monday. The U.S. currency opened at Y217.90, and improved slightly in quiet and thin trading, touching a high point of Y218.55.

AMSTERDAM — The dollar eased to Fl 2.0540 in late trading, from the fixing level of Fl 2.0545.

THE POUND SPOT AND FORWARD

April 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0650-2.0700	2.0670-2.0680	0.33-0.23c pm	1.62	0.83-0.73 pm	1.45
Canada	2.3570-2.3630	2.3575-2.3585	0.30-0.20c pm	1.27	0.75-0.65 pm	1.18
Nethlnd.	4.24-4.26½	4.24½-4.25½	2¼-1¼c pm	5.29	5¼-4¼ pm	4.82
Belgium	62.05-62.30	62.15-62.25	30-20c pm	4.80	70-60 pm	4.18
Denmark	10.91-10.94	10.91½-10.92½	2½-½ ore pm	1.92	5½-3½ pm	1.56
Ireland	1.0245-1.0300	1.0250-1.0280	15-25p dis	−2.34	50-60 dis	−2.14
W. Ger.	3.90½-3.93½	3.91½-3.92½	2⅞-1⅞ pf pm	7.26	6⅞-5⅞ pm	6.50
Portugal	100.90-101.40	100.90-101.20	50-110c dis	−9.50	140-240 dis	−7.52
Spain	140.00-140.45	140.30-140.40	30-90c dis	−5.13	90-170 dis	−3.70
Italy	1,744-1,748	1,745-1,746	2 lire pm-1½ dis	−0.17	1½ pm-½ dis	0.17
Norway	10.62½-10.65½	10.63½-10.64½	3½-1½ ore pm	2.53	7½-5½ pm	2.71
France	8.99-9.02	9.00-9.01	4-3c pm	4.66	9½-8½ pm	4.11
Sweden	9.06½-9.09½	9.07½-9.08½	2½-½ ore pm	2.31	7-5 pm	2.64
Japan	448-453	450½-451½	3.00-2.70y pm	7.65	7.80-7.50 pm	6.78
Austria	28.70-28.85	28.80-28.85	20-10 gro pm	6.25	50-40 pm	5.26
Switz.	3.54-3.56½	3.54½-3.55½	3½-2½c pm	10.14	9½-8½ pm	10.42

Belgium rate is for convertible francs. Financial franc 63.10-63.20. Six-month forward dollar 1.23-1.13c pm; 12-month 2.22-2.12c pm.

THE DOLLAR SPOT AND FORWARD

April 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0650-2.0700	2.0670-2.0680	0.33-0.23c pm	1.62	0.83-0.73 pm	1.51
Ireland†	2.0160-2.0200	2.0165-2.0190	0.70-0.55c pm	3.72	1.90-1.75 pm	3.62
Canada†	87.55-87.75	87.66-87.70	0.04-0.02c pm	0.41	0.10-0.07 pm	0.39
Nethlnd.	2.0525-2.0580	2.0530-2.0550	0.70-0.60c pm	3.80	1.76-1.66 pm	3.33
Belgium	30.05-30.10	30.07½-30.09	9½-8½c pm	3.59	23-21 pm	2.92
Denmark	5.2775-5.2850	5.2825-5.2840	0.55-0.05 ore pm	0.79	0.4pm-0.1dis	0.11
W. Ger.	1.8945-1.8970	1.8950-1.8960	0.90-0.80pf pm	5.38	2.41-2.31 pm	4.98
Portugal	48.80-49.00	48.90-48.97	33-48c dis	−9.32	90-140 dis	−9.40
Spain	67.70-67.90	67.80-67.85	30-40c dis	−6.19	75-85 dis	−4.72
Italy	844.40-845.00	844.50-844.85	0.70-1.10 lire dis	−0.13	2.40-2.90dis	−0.12
Norway	5.1430-5.1470	5.1450-5.1460	0.80-0.30 ore pm	1.28	1.60-1.10 pm	1.05
France	4.3550-4.3585	4.3560-4.3580	1.25-1.15c pm	3.30	2.75-2.55 pm	2.43
Sweden	4.3875-4.3925	4.3910-4.3920	1.37-1.27 ore pm	3.61	3.90-3.80 pm	3.51
Japan	217.70-218.50	218.20-218.40	1.15-1.05y pm	6.05	2.95-2.85 pm	5.31
Austria	13.90¼-13.94	13.93¼-13.93¾	6½-6 gro pm	5.49	18-16 pm	4.88
Switz.	1.7160-1.7190	1.7170-1.7180	1.37-1.27c pm	9.22	3.90-3.80 pm	8.97

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

April 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.615832	0.643044
U.S. $	9½	1.27428	1.33155
Canadian $	11¼	1.45497	1.51930
Austria Sch.	3¾	17.7985	18.5951
Belgian F	6	38.4387	40.1563
Danish K	8	6.75368	7.05723
D mark	4	2.42355	2.53206
Guilder	6½	2.62502	2.74300
French Fr	9½	5.57179	5.82088
Lira	10½	1078.68	1127.36
Yen	4¼	279.195	290.878
Nrwgn. K	7	6.56891	6.866615
Spanish Pes.	8	86.7390	90.6521
Swedish Kr.	6½	5.61129	5.86083
Swiss Fr.	1	Unavail.	2.29293

CURRENCY MOVEMENTS

Apr. 24	Bank of England Index	Morgan Guaranty changes %
Sterling	66.9	−37.7
U.S. dollar	85.9	−8.2
Canadian dollar	83.1	−14.6
Austrian schilling	145.4	+19.3
Belgian franc	113.7	+13.9
Danish kroner	116.9	+5.9
Deutsche Mark	149.3	+41.1
Swiss franc	193.5	+80.1
Guilder	124.1	+19.7
French franc	98.9	−6.6
Lira	54.7	−48.8
Yen	132.7	+31.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Apr. 24	£	$		£ Note Rates
Argentina Peso	2463-2483	1191-1201	Austria	28½-29½
Australia Dollar	1.8670-1.8710	0.9030-0.9050	Belgium	62¾-63¾
Brazil Cruzeiro	48.54-49.54	23.48-23.96	Denmark	10.90-11.00
Finland Markka	8.28½-8.29½	4.0070-4.0120	France	8.97-9.07
Greek Drachma	75.852-77.688	36.687-37.576	Germany	3.87-3.97
Hong Kong Dollar	10.67½-10.71½	5.1630-5.1825	Italy	1,725-1,765
Iran Rial	144-159	72-75	Japan	450-460
Kuwait Dinar (KD)	0.570-0.580	0.2780-0.2781	Netherlands	4.20-4.30
Luxembourg Frc.	62.15-62.25	30.07-30.09	Norway	10.60-10.70
Malaysia Dollar	4.5920-4.6020	2.2210-2.2260	Portugal	97-102
New Zealand Dlr.	1.9710-1.9770	0.9535-0.9560	Spain	140-143
Saudi Arab. Riyal	6.94-7.04	3.3798-3.3805	Switzerland	3.50-3.60
Singapore Dollar	4.5480-4.5580	2.2000-2.2045	United States	2.0550-2.0750
Sth. African Rand	1.7450-1.7550	0.8440-0.8488	Yugoslavia	42½-44½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.4582	40.1514	+1.76	+1.32	±1.53
Danish Krone ...	7.08592	7.05328	−0.46	−0.90	±1.635
German D-mark	2.51064	2.52981	+0.76	+0.33	±1.1325
French Franc ...	5.79831	5.81467	+0.28	−0.15	±1.35
Dutch Guilder ...	2.72077	2.74216	+0.79	+0.35	±1.5075
Irish Punt	0.662638	0.661468	−0.18	−0.61	±1.665
Italian Lira	1148.15	1127.83	−1.77	−1.77	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.068	3.923	451.0	9.005	3.550	4.250	1746.	2.358	62.20
U.S. Dollar	0.484	1.	1.897	218.1	4.356	1.717	2.056	844.3	1.141	30.08
Deutschemark	0.255	0.527	1.	115.0	2.296	0.905	1.083	445.0	0.601	15.86
Japanese Yen 1,000	2.217	4.584	8.697	1000.	19.97	7.871	9.424	3870.	5.228	137.9
French Franc 10	1.110	2.296	4.356	500.8	10.	3.942	4.720	1938.	2.619	69.07
Swiss Franc	0.282	0.582	1.105	127.0	2.537	1.	1.197	491.7	0.664	17.52
Dutch Guilder	0.235	0.486	0.923	106.1	2.119	0.835	1.	410.7	0.555	14.64
Italian Lira 1,000	0.573	1.184	2.247	258.4	5.159	2.034	2.435	1000.	1.351	35.63
Canadian Dollar	0.424	0.877	1.663	191.3	3.819	1.506	1.802	740.2	1.	26.38
Belgian Franc 100	1.608	3.324	6.306	725.1	14.48	5.707	6.833	2806.	3.791	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.15 per cent; three months 10.30-10.40 per cent; six months 10.45-10.55 per cent; one year 10.35-10.45 per cent.

Apr. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12⅛-12¼	10-10¼	9½-10½	6¼-6½	1¼-1½	5⅛-5¼	7-7¼	10-12	—	5½-8½
7 day's notice	12⅛-12¼	10⅛-10⅜	9½-10½	6¼-6½	1¼-1½	5⅛-5¼	7¼-7½	10½-11½	10⅛-10⅜	1-2⅛
Month	12 1/16-12 3/16	10¾-11	10⅝-11	6⅝-6⅞	1⅜-1½	5¼-5⅜	7⅜-7⅝	11¼-12¼	10⅝-10¾	4¾-5 1/16
Three months	12-12⅜	10½-10¾	10 9/16-10 11/16	7-7¼	1½-1⅝	5 5/16-5 7/16	7⅞-8⅛	11¾-12¾	10½-10⅝	5-5⅛
Six months	12-12⅜	10¾-11	10 [illegible]-10 [illegible]	7⅜-7⅝	2 1/16-2 3/16	5 [illegible]-5 [illegible]	8½-8¾	12-13	10 [illegible]-10 [illegible]	5⅝-5⅞
One year	11¾-12⅛	10 [illegible]-10 [illegible]	10 [illegible]-10 [illegible]	7¼-7¾	2 [illegible]-2 [illegible]	6⅛-6¼	9⅛-9⅜	12½-13½	10⅝-10¾	6-6½

Long-term Eurodollar deposits: Two years 10 5/16-10 9/16 per cent; three years 10 1/16-10 5/16 per cent; four years 10-10¼ per cent; five years 9 15/16-10 3/16 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates easier

Demand for bills continued in New York yesterday with dollar certificates of deposit attracting keen interest on their attractive yields at the moment. Treasury bills were discounted sharply lower at one point, although this was a reflection of the Fed's overnight repurchase actions. However, Fed funds were trading up to 11⅜ per cent and it may well be that the authorities will have to give further reassurances to the market if they are to leave credit policies unchanged for the time being.

FRANKFURT — Call money eased to 5.10-5.20 per cent from 5.20-5.30 per cent on Monday while one-month money remained at 5.30-5.50 per cent. Longer periods also showed little change with three-month money quoted at 5.50-5.70 per cent and the six-month rate at 5.65-5.85 per cent, both unchanged from previously. The rate for 12-month money stood at 6.00-6.10 per cent.

AMSTERDAM — Call money fell to 6¼-6½ per cent from 6¾-6⅞ per cent and one-month money eased to 6⅞-7⅛ per cent from 7-7⅛ per cent. The three-month rate was quoted at 7⅛-7⅜ per cent compared with 7⅛-7⅜ per cent, although six-month money rose to 7⅜-7⅝ per cent from 7⅛-7⅜ per cent. The Dutch Finance Ministry is to offer five-year Treasury bills at its tender this Thursday. The last issue in March was for Fl 811m of 6½ per cent five-year bills.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7¼-7½ per cent and 7¾-8 per cent for one- and three-month deposits respectively, both unchanged from previously. The six-month rate stood at 8⅛-8⅜ per cent compared with 8-8¼ per cent while 12-month deposits remained at 8⅛-8⅜ per cent.

PARIS—Money market rates showed little change with call-money static at 6¾ per cent and one-month money at 6¾-6⅞ per cent. Longer periods were also unchanged through to one year.

HONG KONG—Conditions in the money market were tight, with call money reaching 16 per cent and overnight business dealt at 15½ per cent.

UK MONEY MARKET

Extremely large help

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit continued to be in short supply in the London money market yesterday, and the authorities gave an extremely large amount of assistance. This comprised moderate purchases of Treasury bills, all direct from the discount houses. The authorities also bought a large number of eligible bank bills, for resale to the market at fixed future dates. This was in addition to lending a small amount to one or two houses at MLR for repayment today. The market was helped by banks bringing forward balances a small way above target.

On the other hand there was a small net take-up of Treasury bills to finance and the repayment of Monday's moderate official market advances. In addition, revenue transfers to the Exchequer exceeded Government disbursements by a fairly large amount.

Discount houses were paying between 11 per cent and 12 per cent for secured call loans for most of the day. In the inter-bank market, overnight loans opened at 12⅛-12½ per cent and eased to 11⅞-12⅛ per cent. During the afternoon rates eased further to 11⅛-11½ per cent before closing at 12-12½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Apr. 24 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-12⅜	—	—	—	12½	11-12	—	—	—
2 days notice	—	—	12-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¼	12⅛	—	12⅛	12½	11¾-12	—	—	—
One month	12⅛-11⅞	12-12⅛	12-12⅛	12-12⅜	12½	12⅜	11⅞	—	—	—
Two months	11⅞-11⅝	11⅞-12⅛	—	11⅝-12	12⅝	—	11⅝	11⅜	11⅜	12¼
Three months	11⅞-11⅝	11¾-11⅞	11⅞-11¾	11¼-11⅝	12¼	12⅜	11½	11⅜	11¼	12⅛
Six months	11⅜-11¼	11½-11⅝	11⅝-11⅝	10⅝-11	12	—	—	11⅜	11⅛	12
Nine months	11⅛-11⅛	11⅝-11½	—	11⅛-11⅜	11¾	—	—	—	10⅞	11¾
One year	11⅛-10⅞	11¼-11⅜	11⅛-11¼	10⅞-11¼	11⅝	—	—	—	—	—
Two years	—	—	11¼-11½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11⅝-11¾ per cent; four years 11¾-11⅞ per cent; five years 11⅞-12 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¼ per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11 5/16-11⅜ per cent; two-month 11⅜-11¼ per cent; three-month 11 11/32 per cent. Approximate selling rate for one-month bank bills 11 13/16 per cent; two-month 11⅝ per cent; and three-month 11 7/16-11 13/32 per cent; one-month trade bills 12⅛ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4425 percent.

GOLD

Firmer trend

Gold rose $4¾ to close at $241-$241¾. It opened at $240-240¾, and was fixed at $240.00 in the morning and $239.70 in the afternoon. The krugerrand's premium over its gold content narrowed to 7.51 per cent from 8.82 per cent for domestic delivery, and to 2.74 per cent from 3.33 per cent in the international market.

In Paris the 12½ kilo bar was fixed at FFr 34,000 per kilo ($242.71 per ounce) in the afternoon, compared with FFr 34,0[illegible] ($242.72) in the morning, and FFr 33,900 ($241.14) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM14,670 per kilo ($240.75 per ounce) compared with DM 14,520 ($237.2[illegible]) previously.

	Apr. 24	Apr. 23
Gold Bullion (fine ounce)		
Close	$241-241¾ (£116.6-116.8)	$236¼-237 (£114.2-114.6)
Opening	$240-240¾ (£116-116.3)	$236½-237¼ (£114.2-114.5)
Morning fixing	$240.0 (£116.110)	$236.75 (£114.394)
Afternoon fixing	$239.70 (£115.881)	$236.85 (£114.481)
Gold Coins, domestically		
Krugerrand	$257½-261½ (£124¼-126¼)	$255½-25[illegible] (£123½-125[illegible])
New Sovereigns	$65-67 (£31½-32½)	$64½-66½ (£31¼-32¼)
Old Sovereigns	$77¼-79¼ (£37½-38½)	$76-78 (£36¾-37¾)
Gold Coins, internationally		
Krugerrand	$247-249 (£119½-120½)	$243½-245[illegible] (£117¾-118[illegible])
New Sovereigns	$62-64 (£30-31)	$61½-63½ (£29¾-30¾)
Old Sovereigns	$77¼-79¼ (£37½-38½)	$76-78 (£36¾-37¾)
$20 Eagles	$348-353	$347-352
$10 Eagles	$191-196	$186-191
$5 Eagles	$127½-132½	$126-131

MONEY RATES

NEW YORK	
Prime Rate	11.25-11.[illegible]
Fed Funds	10.375
Treasury Bills (13-week)	9.20
Treasury Bills (26-week)	9.30
GERMANY	
Discount Rate	4
Overnight Rate	5.15
One month	5.40
Three months	5.60
Six months	5.75
FRANCE	
Discount Rate	9.5
Overnight Rate	6.75
One month	6.8125
Three months	7
Six months	7.3125
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.125
Bills Discount (three-mth.)	5.825

FINANCIAL TIMES REPORT

Wednesday April 25 1979

Dubai Trade Centre

New landmark in Gulf commerce

DUBAI IS not only the commercial centre of the United Arab Emirates but is also the leading *entrepot* of the whole Gulf. Even though it is a modest oil producer itself and benefits tremendously from its oil rich neighbours, commerce is the *Emirate's lifeblood, splendidly* symbolised by the bustle of dhows, ferries and freighters on the azure waters of its creek.

The Dubai Trade Centre is the *logical* development of Dubai's commerce. Its 39-storey tower is the tallest building in the Middle East and the whole £108m complex, opened *officially* by the Queen in February, is designed as a focus for commercial activity in Dubai—complete with exhibition centre, conference facilities and a permanent wholesale merchandise market.

Yet the British-designed and constructed complex is fundamentally a piece of real estate, and real estate has had a bad reputation in the United Arab Emirates recently. Ever since the collapse of the property boom which followed the 1973-74 oil price rise demand for accommodation has been fairly slack in the northern Emirates.

The events in Iran gave a *momentary perk to new lettings* in the area last autumn, as several companies, new to the Gulf, chose Dubai as their new Middle East base. But in the first few months of this year, there has been no significant letting in Dubai.

It would seem, therefore, to be an inauspicious time to introduce yet another luxury block of apartments and offices to the market. Yet, in the short term, the timing could be exactly right, for although several thousand apartments and office accommodation units are under construction at the moment in the town, many of them will not come on stream for another 18 months.

And the Dubai Trade Centre is designed to fulfil a special function in the town, to house the Emirate's most prestigious companies and promote the State as the commercial centre for the Gulf area.

While in the last few years, property supply has remained short of demand, many new companies coming into the Emirate have had to make do with converted apartments in ill maintained buildings.

The Dubai Trade Centre is, however, one of the first few purpose-built office blocks. Nevertheless, its managers—the Dubai Trade Centre Management Company, which *is* majority owned by Sheikh Rashid bin Saeed al Maktoum, Ruler of Dubai—face a daunting task in quickly filling its 39 storeys.

Other local developers have already extended the write-off period of their own blocks from the customary five years to ten years, and with the prospect of more units coming on to the market, this could be lengthened further.

Nevertheless, its managers aim to make the 500 ft block more than just a building. The concept of a Trade Centre complex to attract international *companies* was *first* mooted over five years ago. British architects, John R. Harris were *brought in* to prepare the design and the whole complex was built to international standards by Bernard Sunley and Sons of Britain.

Problems

The architects, structural engineers and the builders had to overcome a number of problems. The construction and design of the tower are unique: the floor slabs are hinged where they meet the central core, to allow for contraction and expansion differential changes. The outside cladding incorporates precast units which provide shade and prevents direct rays of the sun hitting the windows during the summer season. The tower is also positioned at 45 degrees to the cardinal points of the compass to help resist solar gain, and thus help reduce the air conditioning load.

The tower block which dominates the Dubai skyline is only part of a complex consisting of the 368-room Hilton Hotel, an exhibition hall and grounds, and three 15-storey residential blocks of luxury furnished apartments.

The Dubai Trade Centre *is* designed to offer the international company and businessman a complete business service. On the lower levels of the building, *there will be* at least one bank, a theatre for conferences, designed to accommodate 168 people and equipped with film and audio-visual *facilities. There is also* a quick service restaurant with attractive rates where staff can eat inexpensively, a stationery shop, and a series of business service *such as a travel agency*, car hire firms, courier and translation companies.

The building will also house its own printing service and have its own post office, so that tenants do not have to go into town to collect the office mail. However, plans for a restaurant and bar which could have acted as a tenants "club" and business entertaining area, have been cancelled.

One feature for prospective tenants is the high standard of maintenance which will be made available. A permanent team of some 50 engineers will be on-hand to service the tower block and apartments, and thus tenants who sign up for three years will be assured of a continued high standard of service.

Maintenance is a severe problem for tenants of other blocks around town, since some buildings have been carelessly built and receive little attention from their owners, once the accommodation is rented.

Many times, a landlord is absent, and agents of some premises have been slow to respond to pleas from tenants requiring plumbing, electrical or other urgent problems.

"But in the case of our new centre," says manager Guy Guillemard, "we are not absentee landlords—we're on the fourth floor. We will provide all office cleaning, security *and maintenance for the block.* If we don't operate to international standards, it just won't work."

Rents per square foot are *expensive—though in Gulf* terms, not exorbitant—say local property agents. The rents vary according to the amount of space taken and also the level, for the *top 20 floors* are around 10 per cent more than the lower levels.

However, for a tenant taking one entire floor (that is, around 10,500 sq ft) rents start at Dh 56 (just under £7.20) per sq ft and *service* charges, which are uniform are Dh 16 a sq ft annually (over £2).

The service charge is around double the rate for other luxury office blocks in Dubai, though agents say the maintenance and security services promise to be more comprehensive. Rental for a company taking a whole floor would thus work out at Dh 756,000, or around £96,000 annually.

Higher

Rentals for offices requiring only 1,000 sq ft are higher and go for Dh 70 a sq ft (just under £9). Lettings of this size, from 1,000 to 4,000 sq ft, form the *majority* in Dubai, and for such firms as solicitors, architects, such rates could encourage them to make do with their present accommodation, *particularly with* the slowdown in trading which prevails in the Emirates.

The managers of the complex say that they aim to make the Trade Centre pay its way, unlike some other similar institutions in Europe which are often subsidised by their governments.

The introduction of the block into the market has already stimulated great interest, and although only 12 floors are due to be handed over next month, a number of companies have already declared their intention of moving in. The tenants include British Petroleum, which may take two floors; Jebel Ali Port Authority; the Dubai Aluminium Company; Scimitar Oils; Fox and Gibbons, law firm; and the Oil Fields Supply Company.

Many of these organisations are involved with projects involving the Ruler, though other non-governmental *clients* include Rothmans, Union Carbide, the Korean Trade Centre, Kaloti Trading and the Badri Group of Companies.

The Dubai Trade Centre Management Company also hopes to attract more auxiliary business firms such as management consultants, accountancy firms, architects, merchant banks and the like.

Among developments which have seen a really encouraging start are the three blocks of luxury furnished apartments which lie alongside the tower block. The first block, which has been open for only a few months is alreay full, and the second has a waiting list of 20 tenants. Such waiting lists have been unknown in the Emirates for nearly two years now.

The apartments are *lavishly* furnished and include such items as washing machines, cooking utensils and even cutlery, *including sets of teaspoons.* Each apartment is serviced daily to top hotel standards by Hilton International. The rents include all services and bills for *suchitems as electricity, water* (which can be high during the summer months).

Rents for the lower floors up to the ninth level go from *Dh 41,000 (£5,250) annually for* a one-bedroom unit, Dh 59,400 (£7,560) for two-bedroom apartments and Dh 71,400 (£9,150) for a three-bedroom unit.

On first glance, these rentals appear high compared with others being offered on the *Dubai market,* but the cost of furnishing houses in the area can be just as much as the annual let, thus these prices have proved extremely popular among new arrivals to the area.

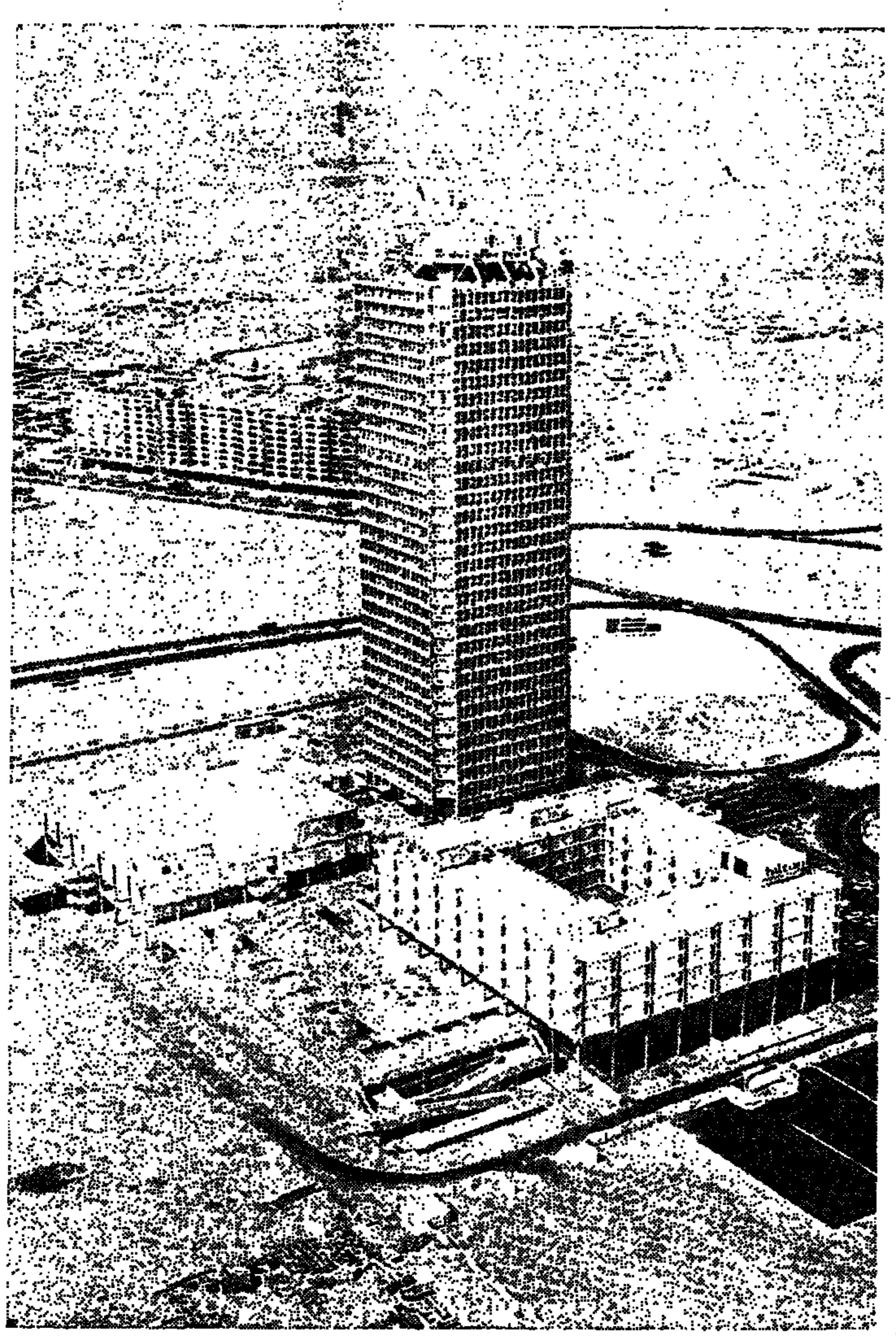
Another undoubted attraction is that tenants are able to pay on a monthly basis, whereas most owners require at least six months in advance.

The Exhibition Centre, which is located next to the tower block, is already in business. So far, five conferences and exhibitions have been seriously discussed, and they include events on the theme of transportation, computers and education. The Spanish authorities are also planning an exhibition of products later in the year, and the managers of the block hope to encourage more of this international interest, for as yet the 30,000 sq ft of space has proved small for any large scale display.

Nevertheless, Dubai is at last making headway in the exhibition and conference business in the Gulf, for up until now, such business has been largely centred on Bahrain.

The exhibition side of the Dubai Trade Centre forms the basis of the experience of its management team, for the managing director of the management company, Mr. Ralph Carver, has wide experience in such centres as London's Earls Court and Olympia, the manager, Mr. Guy Guillemard, is similarly experienced.

The company is hoping that the tower block will prove a long-term asset to Dubai in attracting international companies and trade organisations to the area. Officials hope that the tower itself will generate new interest and reaffirm the Emirate's role as the entrepot and commercial centre of the Gulf.



The Trade Centre tower block with the 368 room Hilton hotel in the foreground.

The report was written by KATHLEEN BISHTAWI

Political disagreements

THE LAST few weeks in the United Arab Emirates appear to have been the unhappiest since the creation of the federation eight years ago. The differing views of the two major states, Dubai and Abu Dhabi, about how the union should go forward, have been aired in a very public manner, with accusations and counter-accusations being exchanged in the local and Gulf Press. The culmination of the March "Battle of Memorandums" was the absence of Dubai, and its ally Ras al Khaimah, from a Supreme Council meeting. So entrenched had the positions of the two parties become, that Dubai felt the need to call for outside mediation in order to start on the path to reconciliation.

It was a sad commentary on the relationship between the two rulers of Abu Dhabi and Dubai. However, both local and federal officials emphasise that the quarrel is a dispute among brothers, and Dubai reiterates strongly that there is no question of it withdrawing from the federation. Many Western observers cynically see the recent problems as just another *episode in the ancient* rivalry between Dubai and Abu Dhabi, the only difference being is that it is out in the open. Yet there are a number of new elements to the situation.

Turbulent

First, the disagreements which have been so publicly aired, come just a few months after the turbulent events in Iran, since when the Gulf states have realised the need for internal and external unity against any possible winds of *change* which may blow from across the water. Second, the Iranian revolution has undoubtedly left its mark on many Gulf citizens, and among the privileged nationals of the UAE, there is a growing feeling that some reassessment of the ancient concept of rule by autocratic *sheikhs* should be considered. Many UAE nationals, including the educated elite, openly talk of the position of sheikhs becoming more decorative and honorary. Others believe that with the cloud of nervousness that prevails in the Gulf, unity, or at least a stronger concept of the federation, is an absolute necessity. What everyone realises, even the rulers themselves, is that the old rivalries cannot continue.

However, several Emirates (not just Dubai), fear that any strengthening of the federation merely gives Abu Dhabi the chance to increase its influence over them. In many ways, such a trend is unavoidable, since Abu Dhabi is the financial backer of the federal Government.

All these questions came out into the open with the publication of a 10-point memorandum from the Federal National Council, the fledgling national assembly of the UAE. The assembly is headed by an articulate Sharjah citizen, Mr. Omran Taryam, though his memorandum was given private sanction by many Abu Dhabi officials and public support by the cabinet of ministers of the federal Government. The programme put to the Supreme Council by the Assembly called for the abolition of all internal borders, the unification of states' incomes and the armed forces, the implementation of a proper immigration policy and an end to the foreign domination in the oil and economic sectors.

On the surface, the memorandum highlighted the desires and anxieties of many UAE nationals, but the ruling sheikhs of a number of Emirates saw them as a direct challenge to their independent status within the federation. How, they asked, can a ruler rule a territory without borders or a separate economy?

The publication of these demands under banner headlines in the semi-official Abu Dhabi-based Press came just a few days before the Supreme Council was to convene. By the time the seven rulers did meet, there were several large-scale demonstrations in many parts of the Emirates, calling not just for a strengthening of the federation, but for unity. Many people, including officials, began talking momentarily of a union, with Sheikh Zayed as its head, backed by a strong federal Government. There was even discussion in the council meeting of the National Assembly's demands for a transfer of the veto held by the two major Emirates. For Dubai the veto is the one weapon it retains to protect itself from any legislation which it considers might be against its interests. Pressure mounted for a broadening of the powers of the assembly and the *federal Government itself.*

In the face of this pressure from the Press and public, Dubai and Ras al Khaimah felt that any further discussion would not be free from outside influences. The demonstrations, they felt, had been organised rather than spontaneous. Certainly, the phenomenon of marchers and nationwide protest did not earn any thanks or approval in Riyadh.

Instead of attending the next council meeting, Dubai submitted a memorandum in which it raised a number of points. While emphasising its commitment to the federation, it stated that the demands of the Assembly shook the very foundations of the federation. A number of old sores emerged *also*—the problem over the leadership of the army, and the implementation of trading laws unfavourable to *Dubai's* liberal way of commerce, *which* it believed had been promoted with little serious thought or study.

The remaining members of the Supreme Council replied quickly, this time through the medium of the Gulf Press, saying that Dubai had behaved in an unconstitutional manner. It had failed to contribute to the federal budget, and preferred to run its own health services, immigration policies, oil affairs and armed forces. As for the memorandum of the National Assembly, the reply said that it represented the desires of the people of the UAE.

Future

Since the flurry of memoranda, matters have been taken out of the uncomfortable limelight and continued behind the closed doors and palace walls. A mediation committee of prominent personalities is continuing the negotiations between Dubai and Abu Dhabi, and the Kuwaitis have added their own efforts to the process under the auspices of their Foreign Minister, Sheikh Sabah al Ahmed al Jaber al Sabah. There are hopes for a Supreme Council meeting in the near future, but undoubtedly this will not take place until the *behind-the-scenes negotiations* have been successfully concluded.

The process may be long, for there are a number of outstanding differences. One of the most crucial is the future shape of the armed forces in the UAE. Dubai still harbours ill-feeling over the appointment of Sheikh Zayed's son, Sheikh Sultan as its commander in chief. His appointment, Dubai feels, was made in an unconstitutional manner and gave undue weight to Abu Dhabi when the Defence Minister was Sheikh Mohammed, son of the Dubai ruler. Furthermore, any unification of an army which is composed chiefly of foreign mercenaries from 28 different countries would be irrelevant. (UAE nationals only comprise 10 per cent of the army at present.) A more sensible way would be to cut down the size of the armed forces from the present unnecessarily high total of 35,000 to around 17,000, thus ensuring a greater representation of UAE nationals. However, the cuts advocated by Dubai would affect Abu Dhabi's forces most, for they total around 22,000, and few are willing to guess whether Abu Dhabi would be willing drastically to prune its army.

Other points of dispute concern the financial side. Since the creation of the federation in 1971, it has been Abu Dhabi which has paid for the massive annual development budgets, much to the irritation of the federal capital. It has looked for at least symbolic contributions from the other Emirates. Dubai on the other hand, considers that its expenditure for its own local police, health services, army and electricity constitute its contribution to the federal budget. Abu Dhabi is also insisting that Dubai give support to the Currency Board in preparation for its transformation into a Central Bank. Currency Board officials are seeking long term deposits from all Emirates and a commitment to channel oil revenues through the board in order to guarantee a reliable supply of *foreign currency* to protect the dirham. All these financial demands come at a difficult time for Dubai, for it is already paying over 35 per cent of its annual oil income in servicing its foreign debts.

Sheikh Rashid bin Saeed al Makhtoum, the Ruler of Dubai

In recent weeks, there has been speculation that there may be major cabinet changes in the offing. Dubai's deputy ruler, Sheikh Maktoum bin Rashid, currently holds the post of the Prime Minister, although his legislative powers, like the federal Government itself, have never been positively asserted. If there were changes in the cabinet, however, Dubai would naturally seek to remove *those* elements which it believes to be antagonistic towards the Emirate and its interests. Under such a formula Dubai felt less threatened by the growing powers of the federal Government and may be willing to hand over its local departments to the central Government.

Another possible compromise concerns the National Assembly itself, which at the moment consists of nominees of the ruling sheikhs. One suggestion that has emerged to allow the people a greater say in the governing process is that the ruling sheikhs choose *100* candidates, out of which six are chosen by the 100 to represent the Emirate in the Assembly. This would be more consistent with Islamic tradition than other concepts such as direct elections. However, any such changes in the system would first have to be given the go-ahead by Saudi Arabia, which itself is being pressured to change.

The demonstrations which occurred in Ras al Khaimah by local citizens calling on their Ruler to accept more federal aid from Abu Dhabi will have not gone unnoted by Dubai's ruling family. While the prosperity continues in Dubai, *there appears to be no prospect* of similar incidents there; nevertheless, there are question marks over several of the Emirate's projects, such as the aluminium smelter, the dry dock and the port, and many young people are confused as to what these developments mean to them. Dubai's oil income is only one-quarter of that of Abu Dhabi, and therefore spreads more thinly around. However, it spreads among a people who have become used to the generosity of Abu Dhabi and its federal Government, and pressure could mount in a similar way to strengthen the links with the capital, rather than preserve the old style autonomy within the federation.

The negotiations which are going on at the moment between Dubai and Abu Dhabi will, when concluded, only reaffirm the union's strength and promote stability and confidence in the region. Once the rulers have decided on the form the new federation and its constitution will take, the *UAE will* no longer be characterised as the weak link in the Gulf chain as it has in the past. What is sure after the events of the last month is that the old style of disunity within unity is *now over.*

Oil a springboard for development

UNLIKE OTHER Gulf states, Dubai is not a one-product economy with its people and Government solely reliant on oil for its living and development. Dubai's oil production is relatively modest, about 360,000 barrels a day, one-quarter of Abu Dhabi's, and its proven reserves only 1.4bn barrels.

Nevertheless, its oil has been a *springboard for development,* but the Emirate's prosperity can also be partly attributed to the growing riches of the union as a whole, and in particular Abu Dhabi, which finances the federation.

The increase in imports and the massive development budgets has had its spin-off for the business and merchant community in Dubai. Added to this, Dubai has its own tradition as trading centre for the Gulf, and re-exports to neighbouring states still play an important part in its economy. It is this aspect of Dubai's economy that the Trade Centre is intended to spearhead.

With the new price rises which were laid down by OPEC, Dubai's oil income is expected to be around the $1.5bn mark this year. Production has jumped substantially during 1978, from a total of 114m barrels in 1977 to 134m last year. However output levels are expected to start declining within the next two years.

In Dubai there is no distinction between the income of the Ruler and that of the Government. (The oil agreement between Sheikh Rashid and the Dubai Petroleum Company is one of the state secrets of the Emirate.) The total income of the Ruler and the Government includes such items as rents from properties owned by Sheikh Rashid, and together with revenues from customs and Government departments, is expected this year to amount to around $3bn.

Existing outstanding Eurodollar loans and Government credits of the Dubai Government amount very approximately to $1.9bn. Local officials say that conservative estimates put the debt service ratio at around 35 per cent of oil income, and that year repayments will be $500m-$600m.

The next two years are going to be tight for Dubai, they admit, but after that repayments will decline considerably provided few new loans are taken on. Bankers involved in the Ruler's Eurodollar loans point out that when repayments are compared with the Emirate's total income, and not just oil revenues, the picture looks better than is generally realised.

The concern by foreign bankers over Sheikh Rashid's indebtedness began a year ago when the Ruler was obliged to pay in cash for the final construction payments on the dry dock project. The costs of the dock were escalating rapidly, the Eurodollar financing ran out before the construction was completed, and at the time a number of bankers were hesitant about lending any more. The project, when first conceived, was priced at £90m, but by the time it was finished, this had risen to £232m. The contractors on the dock are now into their maintenance period, and the three docks lie *embarrassingly empty,* awaiting an operator. Negotiations are continuing with a number of companies, though discussions with the Bristol company, C. H. Bailey and Sons, appear to have run into problems concerning agreements on which party is to pay the maintenance bill and provide original stock. Other companies in the running are apparently asking for high fees for the dock's management.

Resisted

However, in comparison with *the Jebel Ali projects, the dry* dock is relatively modest in cost. The present projects at this, Dubai's industrial city, outweigh all previous large-scale developments undertaken by the Emirate. The largest of these is the 66 berth port, the latest cost of which has been estimated at $1.7bn. Only ten berths are actually going to be fully equipped though the Ruler has resisted moves to cut down on the number of berths, and construction is going ahead on the shore facilities of the other 56 berths. In view of the *recent slump in the Gulf, many* observers, and even local officials, are beginning to admit that this could be an expensive mistake. Already some $1.05bn has been spent on the project, which is being met totally out of the Ruler's own cash resources.

The other ruler's projects at Jebel Ali have been financed entirely by Eurodollar loans and foreign government credits. The aluminium smelter, Dubai's most ambitious and most costly industrial venture, has already required the raising of some $815m on the international market, and another major package is in the pipeline. The next lot of Eurodollar loans and credits will put the total at over $1.3bn, although already some officials believe that the final price tag on the smelter will be around $2bn by the time it is finished in mid-1981.

The present package of finance being discussed in London is the largest and most difficult loan the Emirate has ever raised. It comes at a time of increasing questions about Dubai's indebtedness—and the deterioration of its relations with Abu Dhabi. Added to that, the cloud of Iran has added another ingredient of uncertainty to the whole area. Bankers originally involved in the loan attempted to secure a very low rate for the deal, and the reception was lukewarm, to say the least.

The Western-Arab banking institution, BAII, first secured the mandate of the loan, which comes into two parts—$230m in syndicated loans and $320m in UK export credits. The bank was eventually forced to withdraw from the deal at the last moment for a number of reasons, of which uncertainty over the viability of the smelter was one. There were also reports of objections from the *Bahraini shareholder in the* bank, for Bahrain is a traditional rival to Dubai and fears a threat to its own aluminium smelter. Whatever the reasons for the bank's withdrawal the business has now been handed over to Lloyds Bank International.

In view of all these questions which have arisen about the smelter project and Dubai itself, Lloyds have persuaded the local government to produce the most comprehensive information package ever published on the finances of the Emirate and the *project itself. Nervousness* by bankers following the upheaval in Iran, doubts about the project itself and Dubai's true debt service ratio had to be cleared up, for on the whole, the overall picture looked brighter than generally thought, say officials of the bank. The information package is over half an inch thick in comparison with the six-page prospectuses which the international finance market had to make do with in the past. The prospectus also promises to clear up the nagging doubts which persist in many peoples' minds about the smelter's supply of gas.

Reports now indicate that the package is to get larger, for a further Eurodollar loan is being sought for the completion costs of the Dugas plant. The additional sum, which has yet to be disclosed, has forced Lloyds to take in three other lead managers, all of whom may seek to widen the information prospectus further. Certainly, this latest loan for Dubai has required a great deal of careful preparation so that the best possible spread can be obtained for the Emirate. When the final rate of interest is announced, it will in many ways be the barometer of confidence in Dubai, but already a number of banks have been sniffing around the deal. *Although international banks* may no longer be queueing up to lend to the Sheikh Rashid, the Emirate is unlikely to face any difficulties in raising the money when it finally goes to the market.

Pressure

In the next year or so, which local finance officials concede may be tight for the Emirate, Dubai is also likely to face increasing pressure to contribute more than the $150m it claims to have paid to the federal budget this year (Dubai also considers that its expenditure on local departments represent its contribution.) This year's capital expenditure for the Emirate is expected to be around Dh 3bn ($777m) with current running at $207m. Although officials expect the outgoings on the new projects to tail off as they near completion, they also expect the current budget to rise as many of the projects go into their maintenance period. Maintaining all these ambitious developments is going to be a hefty item on the *budget* each year. With a high debt service ratio, Dubai could find it difficult to fulfil all the federal financial commitments that may be asked of it in the coming year. Such a situation will require not only careful management by Dubai, but also greater understanding by the capital, Abu Dhabi, also.

Long-established trading tradition

THE OPEN door philosophy of Dubai is not merely a policy—it is the very nature of the place.

Its trading tradition goes back long before the bonus of oil ever appeared and Dubai's experience is likely to carry it through the future when oil assets begin to decline.

Its commercial expertise has been fostered by years of trading with the neighbouring countries — particularly Iran, Pakistan and India — and remains, even to this day, one of the mainstays of the Emirate's economy. The Trade Centre is the latest manifestation of Dubai's commercial role.

At times, Dubai's open welcome to cargoes and buyers has earned the Emirate an unpopular reputation around the Gulf, for in the past Dubai has traded in anything from arms to gold, in varying shades of legality.

The wooden dhows are still plying their trade, but the cargoes have changed, now varying from rice to Japanese motorbikes. The merchants of the dhow trade are Dubai's secret millionaires — "You never hear their names, they don't go to the Ruler's parties, but they are millionaires still the same," says an official.

Recent events in Iran have cast a cloud of uncertainty over its merchant community, for the first symptoms of the revolution was that the Iranians have stopped all dhows coming to Dubai. But most feel the gloom to be short-lived, for, as one pointedly said: "When there is chaos, they come to us."

The fact that traders have looked to Dubai for a wide variety of goods can easily be seen in the pattern of a month's imports into the Emirate. Last December, for example, customs recorded the entry of more than 167,000 watches, over 2,500 road vehicles and more than 55,000 transistor radios. The figures reflect the town's role as chief entrepot port to the Gulf and to the rest of the UAE.

The early decision by its Ruler, Sheikh Rashid, to convert a sandy beach into a 15-berth port (an idea which was scoffed at by Western analysts at the time) meant that Dubai was able to maintain its number one position in the Gulf during the boom period of 1974-77.

The facilities of its port, with low storage rates, not only helped the local Dubai merchant community, but ensured that the Emirate became the supplier to Abu Dhabi, which had become fabulously wealthy with the quadrupling in oil prices.

Dubai's predominance continues, for its imports are more than double those of Abu Dhabi. Dubai's total figures for 1978 are not yet available, but the first nine months show an import level of Dh 4.1bn for the capital, whereas Dubai's annual total for last year was Dh 12.7bn.

As the chief importing Emirate for the UAE market, Dubai was naturally affected by the downturn in trading which followed a bank credit squeeze imposed in May, 1977.

Yet while traders and contractors went round with gloomy faces, import levels for last year were just above the 1977 figures, and up more than one third over the 1976 totals. Dubai's imports during this period rose from Dh 9.4bn in 1976 to Dh 12.6 bn in 1977 to a total last year of Dh 12.7bn.

In the UAE as a whole, imports are showing a greater growth rate than oil revenues, for between 1971 to 1977, oil exports increased 9½ times, whereas imports in the UAE went up 10½ times.

In the latter days of last year and the first few months of 1979, trading conditions in Dubai appear to have been improving considerably. December, 1978, recorded a monthly total of Dh 1.4bn, and January and February they were around Dh 1.3bn, which if extrapolated for the year, would give an import level for Dubai of Dh 15bn—nearly two and a half times its oil income.

Major

Japan is still scooping up the major share of this market, accounting for Dh 2.6bn, or 20.5 per cent of the total. Britain's market share in Dubai was worth Dh 2.38bn, 18.8 per cent; this was followed by the United States with 11 per cent of the market.

West Germany came fourth with 7.6 per cent market share. Hong Kong was the fastest-growing importer, jumping from 13th position to ninth in the league tables within a year.

The stability of last year's imports was undoubtedly aided by the construction projects underway at Jebel Ali, where Dubai is planning an industrial city.

As a number of projects are completed in the town—such as the Dry Dock and Trade Centre—so the centre of activity has shifted. At Jebel Ali, Sheikh Rashid is engaged on his largest project to date, and already the infrastructure for the new city is absorbing some 60 per cent of his annual expenditure.

One of the Ruler's major projects at Jebel Ali is the 66-berth port under construction by the Mina Jebel Ali Construction joint venture. Already some Dh 4bn work has been completed and a further Dh 2.5bn remains to be done, although the project was originally thought to cost $1bn (under Dh 4bn).

The port was first conceived by the Ruler during the boom years of 1976, following congestion at the existing Port Rashid, when nearly 200 ships were awaiting entry. The general downturn in trading in the Gulf now make the scheme appear over ambitious to some and already the immediate plans for the port appeared to have minimised somewhat.

The task of operating the port has been handed over to a specially-formed wholly-owned subsidiary of the American container line, Sealand. The Jebel Ali Port Authority—as it is called—expects to take over the first 10 berths of the port in mid-May this year, eight of which they will operate. The design of the berths includes three container and ro-ro berths, plus five general cargo berths. The remaining two berths will be used by the aluminium smelter and by Dugas, the operators of the gas processing plant in Jebel Ali.

Officials at the Jebel Ali Port Authority are extremely reluctant to talk about their estimates for future traffic at the port. Work is going ahead for the infrastructure of all 66 berths, though there appear to be no immediate plans for fully equipping more than the first 10.

The company is now erecting two Mitsubishi container cranes of 41-ton capacity and importing 24 fork-lift trucks for use at the container terminal. Capacity for the parking of containers is around 3,200 40 ft units.

The company also plan to open offices in Chicago and London in addition to their New York office which is already promoting Jebel Ali as a tran-shipment centre. At the moment, port officials will only disclose that they are negotiating with a "good many" shipping lines and that they hope to have a few customers signed-up by the time they are ready to open.

However, some of the anticipated customers at Jebel Ali are not, they admit, new to Dubai—which would appear to mean that Dubai has two ports effectively competing against each other. The government has attempted to create a liaison committee between the Jebel Ali officials and Gray MacKenzie, the managers of Dubai Port Services, which operate Port Rashid. So far, these attempts have not met any success, and the two ports could find themselves competing not only against other growing ports in the UAE, and the Gulf generally, but with each other.

This would not appear to be an auspicious time to bring into operation more berths in the UAE. Sharjah's town port has just suffered the loss of its major customer, Medtainer Line, which collapsed owing to declining freight rates and cargoes from Europe. Khor Fakkan on the Gulf of Oman coast of the UAE opened a short time ago also, and though it has yet to sign-up customers, it will naturally be promoting itself to the same clients.

Port Rashid's own fully-equipped container terminal will also come into operation in August, this year. The new facilities which will cover from berths 31 to 35, will replace the temporary facilities at berths 9 and 10 which have been successfully used for the port's container traffic, until now.

When complete, the new terminal will be the largest in the Middle East—larger than those at Jebel Ali.

Port Rashid has already proved itself the number one container port in the area, and last year handled around 145,000 containers—and now boasts some 25 regular container line customers.

In total, Port Rashid has some 39 general cargo berths and over 40 shipping lines as regular callers. Officials do not appear to be too concerned about the new port developments springing up in the area. Khor Fakkan, which is thought by many to present the greatest challenge, is only six hours' steaming time from Dubai, where the real market is located. "Besides, if you're travelling from London to Glasgow, why get off at Crewe?" commented one official.

It is here that Dubai's vital experience in trading—and the financing of it—would seem to play a great role, for shipping lines will naturally favour an established large market, rather than discharging cargoes at a remote port and then relying on road transport services.

The realisation that the original complement of 66 berths for Jebel Ali may be excessive appears to be gaining ground in official circles. Nevertheless, if a boom begins once again (as it might do after the last hefty oil price increase), the port facilities would be ready and waiting. Western analysts have been wrong before in the case of Sheikh Rashid's port development plans—and they could conceivably be wrong again. Meantime, a joint effort between the two ports to maintain Dubai's position as the entrepot centre to the Gulf, would seem to be an urgent necessity.

The merchant community

DUBAI'S MERCHANT community, whose prosperity and ambitions are celebrated in the Trade Centre, is one of the pillars of the Emirate's strength and influence in the UAE. Encouraged by its commercially minded ruler, Sheikh Rashid, the Emirate and its merchants have dominated all commerce in the country since the federation's creation in 1971. The Dubayans have always been traders, in pearls, gold—or anything the neighbouring countries wanted to buy. When the oil boom began in the early 1970s, they were ready for the frenzy which hit the new state.

Within the Emirate, they are a powerful class in the population. It is more likely to be merchants than ordinary petitioners that surround the Ruler each day in the majlis, often coaxing him on to ever larger projects. And while the oil money is there to smooth away potential troubles, the merchant community still appears as strong as ever, and as much a part of Dubai as the Ruler himself. Every yearning youngster appears to have an ambition to become one of the merchant class, whose names have become household names in the UAE. Almost anything consumers buy in Dubai, be it a tin of baked beans or a hi-fi set, is likely to be imported by one of the big trading groups owned by the five major families in the Emirate.

Resented

Dumbai's dominance in the commercial sector has not always been liked or accepted and in recent years as the fledgling merchant class in Abu Dhabi tries to get off the ground, much resented. Yet in the opinion of many, the Dubai merchants are years ahead in sophistication compared with their counterparts in the federal capital. The Al Futtaims and the Galadari group, for example, pay their staff wages by computer. In Abu Dhabi, it is not an uncommon sight to see a merchant peeling off the odd thousand dirham note out of his own pocket to pay his staff.

At times, the resentment felt by the Abu Dhabi merchants assumes petty forms. A foreign construction company with a Dubai associate recently lost a contract in Abu Dhabi because it did not have a "local" partner, i.e. an Abu Dhabian. This was despite the fact that the joint venture was a locally registered UAE company. More recently, the Abu Dhabi authorities have forbidden any lorry over three tons to use the new short cut road from Dubai to Al Ain. The inland town of Al Ain was beginning to use Dubai as its shopping centre rather than the capital, a trend which the Abu Dhabi merchants wanted to nip in the bud. There are also reports that Abu Dhabi officials have been stopping all lorries carrying foodstuffs from Dubai to the capital, saying that their cargoes did not meet the Emirate's food labelling laws.

Mr. Seif al Ghurair, president of both the Dubai and UAE chambers of commerce, looks indulgently on such actions by his Abu Dhabi colleagues. Dubai is being pressured to introduce trading laws which will ensure majority ownership by nationals in local companies and trading agencies, a move which would be contrary to the Emirate's tradition of liberalism and open-door philosophy to foreign business. "When they look into the details, they will see how difficult such a move is," says Mr. Ghurair quietly. "We think it is unnecessary to make it a law, it cannot be done overnight anyway. But we must give them time, time to learn how business is done."

Mr. Ghurair has been learning the ropes of commerce since he was 10. By the age of 14, he had his own dhow, a crew of 100, and went off on his first overseas business trip, selling Iraqi dates to far-off Mombasa. In a wooden dhow reliant on trade winds, this was a year-long trip.

Despite these early days as an entrepreneur, buying and selling commodities where needed, Seif al Ghurair is one of the few merchants in Dubai who has gone into large-scale industrial ventures, rather than merely relying on the revenues of acting as an agent for foreign companies. Over the years, the family business has been transformed from a major trading agency to a combine encompassing ventures in the field of banking, cement manufacture, flour production, rock aggregates and insurance, to mention just a few. Diversity of interests is a characteristic of the Dubai merchants, but the turnover of the larger merchant families is now beginning to resemble the balance sheet of some of the smaller international corporations.

Mr. Ghurair does not feel nervous about his highly capitalised industrial ventures, even though many of them are orientated around the construction business, which has suffered a slump over the past 18 months. "It is the importer of construction materials who is affected by the slowdown, not the local manufacturer," he says. The Ghurair cement factory, built at a cost of £15m by Costain, now produces 500,000 tons a year. Their aluminium extrusion factory is producing about 3,000 tons of anodised aluminium, and when the Ruler's own smelter is finished in 1981, he hopes to make direct use of Dubai's own locally made aluminium. It is an example of how the local merchants follow in the wake of the new ventures by the Ruler.

However, the most substantial family holding is the long established Bank of Oman, now in its 12th year of operation. Admittedly 1978 was not such a vintage year in banking as 1977, but even so the bank's assets were over $760m, and dividend was over $1m. This year, the Ghurairs have decided to cast their eyes overseas, and opened a finance company in Hong Kong, a demonstration of the family's long trading tradition with Asia and the Far East. Seif Al Ghurair traded with Peking long before this became fashionable.

Property has always been regarded by Arab investors as a safe bet, and the Ghurairs are no exception. "I don't go much on stocks and shares," he says, "How can I know what a company is really like from its brochures, how can I be sure they are telling the truth? Anyway, I believe the Kuwaitis have done nothing but lose money in shares." Not surprisingly then, one of the largest current ventures of the Ghurair family is a massive shopping and residential complex under construction in downtown Deira. Designed by British architects, the complex will have 430 apartments varying from one to three bedrooms, a car park deck for 600 cars, 246 shops, two major department stores, a health centre, three restaurants and an Olympic sized swimming pool. The entire block covers 287,000 sq ft and they hope that revenues from rents will amount to around $13m a year. Certainly, the Ghurair centre stands a better chance than other major developments in Dubai, merely because of its central location. However, local agents remain gloomy about such blocks filling up owing to the lack of new companies coming into the area.

With the downturn in trading, many of Dubai's merchants are looking to other countries as future areas of development. The Galadari brothers, for example, have interests stretching from Pakistan to London. The two brothers, Abdul Latief and Abdul Rahim, are the proud owners of the building in which London's Hard Rock Cafe in Piccadilly is situated, as well as a textile factory in Sudan, run by Tootal of the UK.

Persian

The Galadari family is a typical trading family in Dubai. Like 70 per cent of the merchant class in the Emirate, they are of Persian origin, and Farsi, rather than Arabic, is the language of the inner circle. The Galadaris have ventures ranging from newspapers to ice cream factories, and estimate their total turnover at "around Dh 500m." Among the names they represent are Mazda, Intercontinental, Tootal, the Guthrie Corporation and Aiwa, as well as four watch companies.

Their own trading history goes back more than 100 years, for back in the 1850s, their great grandfather maintained offices in Bombay and Paris as well as Dubai, through which he bought and sold his pearls. The two brothers, who began bank life as clerks in the British Bank of the Middle East, make no bones about the fact that their original fortune was made in the gold bullion business, a trade which was once prolific in Dubai. "We realised that the gold would not last forever," says Abdul Latief. "Besides our legal business was beginning to outweigh our gold traffic." Since then, the Galardaris group has gone on to become one of the major car sales outlets, for in this tiny market town of less than 300,000 people, the group is still managing, despite slumps, to sell nearly 6,000 Mazda cars a year. Nowadays, however, they offer incentives such as lotteries offering free holidays and electrical goods from their other divisions. The whole campaigns are advertised in the family newspaper, the Khaleej Times, which is one of the few publishing successes in the Gulf. It is perhaps a sign of the sluggish times that the group's advertising budget has gone up 300 per cent, but then most of it goes in their own newspaper anyway.

Abdul Latief, the youngest brother, still tries to maintain an "open office" where any visitor can stray in and be greeted according to the dictates of Gulf courtesy. There are no Western executives to be found in their headquarters: "They are too expensive and they don't fit in," he says. "But things will change for us merchant families, I know," he muses. "Five years ago, if you had asked for my balance sheet, I would have thrown you out."

The Queen talking to John Harris, architect of the Dubai Trade Centre, at the Centre's opening in February

Midway Dow advance of 7.02 in active trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—57% (55⅝%)
Effective $2.0675 24¼% (23¾%)

BUILDING ON the firmer trend which developed on Monday, Wall Street advanced in active early dealings yesterday.

The Dow Jones Industrial Average moved ahead 7.02 to 867.12 at 1 pm, while the NYSE

Closing prices and market reports were not available for this edition.

All Common Index rose 42 cents to $57.71 and gains outpaced declines by better than a two-to-one margin. There was a sharp expansion in turnover to 23.99m shares from the previous day's 1 pm figure of 16.76m.

Analysts said investors were encouraged by the improved leadership of Monday's market rise, when energy issues led the way. Also, strong first-quarter profit reports are prompting upward revisions of many 1979 earnings estimates.

Part of the better tone was ascribed to Monday's durable gods orders report, which strengthened the case of those who believe the economy is beginning to slow. It is hoped that an economic slowdown will ease upward pressure on prices and interest rates.

Energy shares continued to strengthen. Texaco and Gulf Oil both reported higher first-quarter profits and Texaco added ⅜ at $26½ in active trading and Gulf ¼ at $27. **Pogo Producing**, which led the actives list on Monday and rose more than a point, eased ¼ to $15⅞. **Superior Oil** advanced $6 to $394, a new high for the year, before slipping back to $390 for a net gain of $2.

Polaroid, which has been weak since reporting disappointing first-quarter results, gained ⅜ to $36¼. The company has introduced new SX-70 film that produces a complete colour picture in one minute compared to four minutes for its earlier film.

Lockheed rose ⅜ to $21¼ on first-quarter per share profits increased to 77 cents from 13 cents a year ago. **IBM** added 2¼ at $312 and **Du Pont** ⅞ at $134⅞.

Gaming shares recovered some of the previous day's setback. **Caesars World** picked up 2¼ to $72¼, **Bally Manufacturing** 1⅞ to $74½ and **Playboy** ⅜ to $19⅞.

THE AMERICAN SE Market Value Index climbed 1.35 to 182.23 at 1 pm on volume of 2.42m shares (2.13m).

Among the Amex actives, **Houston Oil** hardened ¼ to $19¼. **Imperial Oil "A"** which has reported higher first-quarter net earnings ⅜ to $24⅜, and **Total Petroleum (North America)** ¼ to $20¼. **Dome Petroleum** gained 1⅞ to $113.

Resorts International "A" eased ⅜ to $45⅜. New Jersey may impose a windfall profits tax on Resort's Atlantic City casino.

Syntex put on ⅜ to $36 and **Amdahl** 1⅞ to $43⅞, both in active trading.

Canada

Rising issues held a small lead over declines at noon following a busy morning session. The Toronto Composite Index was 2.3 firmer at 1,465.9 at midday, while the Oils and Gas index advanced 23.2 to 3,192.4. Golds gained 8.5 to 1,516.3. Metals and Minerals 2.5 to 1,265.5 and Utilities 0.63 to 222.18, but Banks shed 0.58 to 307.32 and Papers 0.66 to 157.19. *IU International* rose ¼ to C$14⅝ despite lower first-quarter earnings. **Place Gas and Oil** added 5 cents at C$3.35 on higher annual profits.

Tokyo

Market remained firmer-inclined in fairly active dealings yesterday. The Nikkei-Dow Jones Average recorded a fresh improvement of 18.65 at 6,139.17, while the Tokyo SE index gained 1.70 to 448.44. Volume reached 320m shares (250m).

Steels were particularly favoured, reflecting the Ministry of International Trade and Industry's upward revised crude steel production estimate for the April-June quarter. **Nippon Steel** rose Y5 to Y120, **Kawasaki Steel** Y6 to Y115 and **Sumitomo Metal Industries** Y4 to Y109.

Other large-capital issues, including Shipbuildings and Heavy Machineries, also gained ground, following the lead of Steels. **Komatsu** advanced Y9 to Y349 and **Hitachi** Y7 to Y254.

Motors, however, retreated, with **Honda Motors** losing Y14 to Y596, **Toyota Motor** Y10 to Y990 and **Nissan Motors** Y15 to Y725. Resources shares were lower on profit-taking.

Light Electricals were mixed, with **Sony** closing Y30 up at Y2,260 but **TDK Electronic** Y20 off at Y2,010.

The planned three-day rail strike due to start today was said to have not affected market sentiment.

Germany

Renewed selective buying interest took the market higher yesterday after Monday's downturn. The Commerzbank index put on 3.1 to 789.9.

In Motors, **Volkswagen** gained DM 1.60 to DM 241.00 on strong demand, which dealers said seemed to be generated by news of good business for the company in the U.S. as well as expectations that favourable news about VW will come with the release of the annual report later this week.

Dealers remarked that bargain hunting was driving up major Banks, with **Deutsche Bank** adding DM 2.50, **Dresdner Bank** DM 1.50 and **Commerzbank** DM 1.00. They added that investors were exploiting the low-price scale to which Banks declined on earlier news of higher interest rates and the Bundesbank's efforts to slow growth of the money supply by tightening credit.

Chemicals made modest gains, with **BASF** hardening 70 pfennigs and **Bayer** 90 pfennigs. Market sources said the shares carried good yields and were being promoted by investment advisors.

In Utilities, **VEBA** climbed DM 1.00, while among Stores, **Neckermann** rose DM 3.00, but **Horten** and **Karstadt** shed DM 1.50 apiece.

Public Authority Bonds recorded fresh losses extending to 60 pfennigs. The Bundesbank bought DM 39.3m nominal of stock (DM 73.1m). Mark-denominated Foreign Loans were up to 75 pfennigs weaker.

Paris

Following its recent good performance, the market retained a firm bias yesterady.

Brokers said sentiment was further boosted by news of a FFr 1.29bn seasonally-adjusted French trade surplus in March, coming after a deficit of FFr 9m in February. However, reports that the retail price index for March will show a faster growth than the 0.7 per cent rise in February tended to hold the market back.

The Stockbrokers' Association announced that trading in shares of *Banque de la Construction et des Travaux Publiques* will resume today following the announcement that the UK Midland Bank has acquired a 40 per cent stake in the company.

Portfolios, Foods, Constructions, Stores and Electricals were mixed, while gains predominated *in all other* sectors, with Metals leading the way ahead.

Among the session's firmer issues were **Credit du Nord**, **Simco**, **Martell**, **Bouygues**, **Michelin**, **Generale de Fonderie**, **Pernod Ricard**, **Borel**, **Prenatal**, **Signaux**, **Chiers**, **Denain**, **Elf-Gabon** and **Bellon**.

Kleber Colombes eased 90 centimes to FFr 64.00 after *announcing net 1978 losses of* FFr 92.79m, almost double its 1977 losses.

Australia

Monday's rally proved short-lived and stocks closed predominantly easier yesterday in the absence of London support ahead of the British elections and any encouraging local news. The Sydney All Ordinaries index receded 5.25 to 564.99.

BHP led the decline with a fall of 28 cents to A$9.20, while Stores had **Woolworth** down 7 cents at A$1.40 and **Myers** 4 cents off at A$1.61. In Banks, **BNS Wales** lost 10 cents to A$3.20.

Ansett, however, rose 7 cents to A$1.19 on take-over speculation, while its major shareholder, **TNT**, *gained 2 cents to A$1.32*.

In the Mining sector, **CRA** retreated 7 cents to A$3.38, **MIM** 5 cents to A$3.15 and **Bougainville Copper** 4 cents to A$1.92.

Most Oil stocks weakened, with **Woodside Petroleum** losing 4 cents to 74 cents on news that it was abandoning the Pueblo One well on the North West Shelf. **OAG** declined 8 cents to 98 cents and *Lennard Oil* 5 cents to 18 cents, but *Ampol Exploration* put on 3 cents to A$1.43.

Markets are closed today for the Anzac Day holiday.

Hong Kong

Shares drifted easier in very quiet trading, leaving the Hang Seng index 4.29 off at 530.36.

Dealers said operators were staying on the sidelines amid *concern about local inflation* and increased oil prices.

Indices

NEW YORK —DOW JONES

	Apr. 23	Apr. 20	April 19	Apr. 18	Apr. 17	Apr. 16	1979 High	1979 Low	Since Compil'tn High	Since Compil'tn Low
● Industr'ls	860.10	856.88	855.25	860.27	857.93	869.45	878.72 (18/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.15	84.12	84.14	84.08	84.27	84.21	85.98 (2/2)	84.08 (18/4)	—	—
Transport	231.11	231.81	231.89	232.62	230.96	231.26	235.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	102.55	102.74	103.33	103.04	103.04	103.18	104.94 (6/4)	99.10 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	25,660	28,860	31,530	29,850	28,830	28,160	—	—	—	—

● Day's high 865.31 low 852.39

	Apr. 20	Apr. 12	Apr. 6	Year ago (approx
Ind. div. yield %	5.78	5.68	5.65	5.75

STANDARD AND POORS

	Apr. 23	Apr. 20	April 19	Apr. 18	Apr. 17	Apr. 16	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls	115.58	112.98	112.95	113.46	112.87	112.75	116.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	101.67	101.23	101.28	101.70	101.24	101.12	103.34 (10/4)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Apr. 18	April 11	April 4	Year ago (approx.)
Ind. div. yield %	5.10	5.06	4.97	5.14
Ind. P/E Ratio	8.60	8.67	8.70	8.94
Long Gov. Bond Yield	9.04	9.06	8.99	8.30

N.Y.S.E. ALL COMMON

Apr. 23	Apr. 20	April 19	Apr. 18	1979 High	1979 Low
57.29	57.09	57.09	57.33	58.18 (10/4)	53.88 (27/2)

Rises and Falls

	Apr. 23	April 20	Apr. 19
Issues Traded	1,901	1,872	1,900
Rises	769	661	604
Falls	649	720	819
Unchanged	483	491	477
New Highs	36	20	43
New Lows	15	25	19

MONTREAL	Apr. 23	Apr. 20	April 19	Apr. 18	1979 High	1979 Low
Industrial	244.92	244.98	245.81	244.29	258.91 (27/3)	219.19 (2/1)
Combined	248.51	248.08	248.41	247.97	250.98 (6/4)	226.80 (2/1)
TORONTO Composite	1465.6	1464.2	1465.9	1458.5	1475.1 (6/4)	1315.8 (2/1)
JOHANNESBURG Gold	244.5	244.0	245.8	252.8	280.7 (7/2)	228.4 (17/4)
Industrial	313.1	312.8	311.8	310.8	323.0 (5/4)	270.5 (2/1)

	Apr. 24	Previous	1979 High	1979 Low
Australia (¶)	564.99	570.24	597.68 (19/3)	545.72 (2/1)
Belgium (‖)	107.68	108.54	107.69 (24/4)	98.80 (3/1)
Denmark (**)	96.75	96.21	98.36 (20/4)	88.32 (8/1)
France (††)	81.4	81.2	81.4 (24/4)	71.5 (15/2)
Germany (‡‡)	788.9	786.8	839.6 (16/1)	774.2 (26/3)
Holland (§§)	77.8	78.0	85.9 (24/1)	75.8 (21/3)
Hong Kong (¶¶)	530.36	534.65	568.90 (5/2)	483.83 (2/1)
Italy (‖‖)	76.76	75.67	78.46 (25/3)	68.38 (2/1)
Japan (a)	448.44	446.74	462.97 (31/1)	435.22 (10/4)
Singapore (b)	379.78	380.99	387.66 (11/4)	346.54 (23/2)

	Apr. 24	Previous	1979 High	1979 Low
Spain (d)	101.44	(c)	111.56 (3/5)	93.05 (12/1)
Sweden (e)	360.71	365.15	401.34 (6/2)	360.71 (24/4)
Switzerld (f)	320.8	320.7	321.7 (17/4)	294.0 (5/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 *Utilities, 40 Finance and 20 Transport.* ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pogo Producing	410,000	16	+1⅛
Caesars World	395,400	70	−6¼
Genl. Public Util.	459,800	11½	−½
Charter Co.	344,300	15⅞	+1⅞
Charter Co. Wts.	331,700	9⅞	−1⅞
Ramada Inns	300,300	11⅞	−⅛
Bally Mfg.	289,900	72⅞	−2⅞
Amer. Tel. & Tel.	289,800	53⅞	−⅛
Gulf Oil	248,200	26⅝	+⅛
Merck	231,500	65⅞	−⅛

NEW YORK

Stock	Apr. 23	Apr. 20
Abbott Labs	32¼	32⅜
AM International	15⅞	15⅝
Adobe Oil & Gas	24⅞	24½
Aetna Life & Ca.	44⅝	44⅛
Air Products	27¾	28
Alcan Aluminium	37	37½
Alcoa	55¼	55
Alleg. Ludium	17⅜	17⅜
Comm. Satellite	44⅝	44¾
ComputerScienc	11⅞	12
Conn Life Ins.	37	37¼
Conrac	16	15¾
Con. Edison NY	23⅝	23⅝
Consol Foods	22	22¼
Consol Nat. Gas	38⅞	38½
Consumer Power	21	21¼
ContinentalGr'up	28⅞	28½
Continental Oil	33⅞	33
Continental Tele	16⅝	16½
Control Data	34⅞	34⅝
Cooper Indus.	50½	50⅛

Stock	Apr. 23	Apr. 20
Corning Glass	55⅞	55½
CPC Int'rnation'l	48⅝	49⅜
Crane Co	30⅞	31
Crocker Natl	29⅞	30
Crown Zellerb'h.	34⅛	34⅛
Cummins Engine	36⅞	37
Curtiss Wright	14½	14⅛
Dana	27½	27⅞
Dart Industries	43	42¼
IBM	309.87	306.25
Intl. Flavour	22	22
Intl. Harvester	39½	39⅞
Intl. Min & Chem	44⅜	43⅞
Intl. Multifoods	21¼	21¼
Inco	20⅜	20¾
Intl. Paper	44⅞	45
Intl. Rectifier	12⅝	11¾
Intl. Tel & Tel.	28½	28½
Iowa Beef	41¼	41½
IU International	12⅞	12⅞
Jim Walter	31½	31⅝

Stock	Apr. 23	Apr. 20
Johns Manville	24¼	24½
Johnson Johnson	70½	70⅛
Johnson Control	30½	30¼
Joy Manufacturing	31⅝	32½
K. Mart	26	25⅝
Kaiser Alumini'm	20¼	20⅝
Kaiser Industries	2⅝	2⅝
Kaiser Steel	29¼	29⅜
Kaneb Services	15⅝	15⅞
Kay	15⅞	16
Kennecott	22⅝	22⅝
Polaroid	35⅝	
Potomac Elec.	12⅞	
PPG Industries	28⅝	27½
Procter Gamble	79½	79⅛
Pub. Serv. Elec.	20⅞	21⅛
Pullman	31⅞	32⅞
Purex	16½	16⅝
Quaker Oats	28⅝	28⅛
Rapid American	14⅝	14⅝
Raytheon	46	44⅞
RCA	26⅞	27
Republic Steel	27½	27⅝
Resorts Intl	46½	48⅛

Stock	Apr. 23	Apr. 20
Revlon	47⅛	47½
Reynolds Metals	37⅞	37⅝
Reynolds R.J.	57⅝	56¾
Rich'son Merrell	22⅝	22
Rockwell Inter.	39⅛	38¾
Rohm & Haas	58½	57⅞
Royal Dutch	66⅞	66⅞
RTE	10⅝	10⅝
Ross Togs	10⅛	10⅛
Ryder System	23⅜	22¾
Waste-Man'ment	29	30¼
Wells-Fargo	29⅜	29½
Western Bancorp	27⅞	28
Western N.Amer.	30	29½
Western Union	18¼	18⅝
Westing'he Elec.	17¾	17⅞
Weyerhaeuser	30	30
Whirlpool	19⅞	19⅞
White Con. Ind	26¾	26⅝
William Co.	18⅝	18½
Wisconsin Elect.	25⅝	25¼

Stock	Apr. 23	Apr. 20
Woolworth	29⅝	29½
Wyly	6⅛	5⅝
Xerox	57⅛	56⅞
Zapata	16¼	16⅝
Zenith Radio	15⅛	14⅝
U.S. Treas.4% '80	†95⅝	95⅝
USTreas4¼%75/85	†81	81
U.S. 90-day bills	9.19%	9.27%

CANADA

Stock	Apr. 23	Apr. 20
Toronto Dom.Bk.	22¼	22½
TransCanPipeLn	19¾	19½
TransMount Pipe	10⅞	10⅞
Trizec	—	—
Union Gas	11	11
UntdSiscoe Mnes	9⅝	9¼
Walker Hiram	43¼	43⅝
West Coast Trans	15¼	15⅝
Weston (Geo.)	23⅞	24

† Bid. ‡ Asked. § Traded. ‖ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

GERMANY ◆

Apr. 24	Price DM.	+ or —	Div. %	Yld %
AEG	60.5	+0.2	—	—
Allianz Versich.	465	+5	31.2	3.4
BMW	231	−0.5	28.12	6.1
BASF	139.6	+0.7	18.75	6.7
Bayer	142.8	−0.9	18.75	6.6

TOKYO ¶

Apr. 24	*Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	340	+1	14	2.1
Canon	570	−5	12	1.0
Casio	799	−7	25	1.7
Chinon	380	+4	20	2.7
Dai Nippon Print	582	−3	18	1.6
Fuji Photo	670	−10	15	1.1

AUSTRALIA

Apr. 24	Aust. $	+ or —
ACMIL (25 cents)	†0.65	
Acrow Australia	†1.05	+0.05
AMATIL $1	†2.28	
Ampol Exploration	†1.43	+0.03
Ampol Petroleum	†0.68	
Assoc. Minerals	†1.65	

STOCKHOLM

Apr. 24	Price Kronor	+ or —	Div. Kr.	Yld %
AGA AB (Kr. 40)	188		6	3.2
Alfa Laval (Kr.50)	127	−1	6	4.7
ASEA (Kr.50)	66	−0.5	5	7.6
Atlas Cop. Kr25	94xd		7	7.4
Billerud	56.5		—	—
Bofors	120	+1	5	4.1
Cardo	171	−3	5.75	3.4

EUROPEAN OPTIONS EXCHANGE

Series	July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C F.354.20	—	—	3	25	—	—	F.374
ABN C F.364.20	3	11	—	—	—	—	"
ABN C F374.20	14	4.20	5	8.50	—	—	"
AKZ C F.25	5	6.50	—	—	—	—	F.31.10
AKZ C F.27.50	5	4.50	5	4.80	—	—	"
AKZ C F.30	118	2.70	57	3.70	—	—	"
AKZ C F.32.50	339	1.10	66	1.60	4	2.70	"
AKZ P F.30	10	1	—	—	—	—	"
AKZ P F.32.50	12	2	—	—	10	3.60	"
ARB C F.75	2	2	—	—	—	—	F.74.90
EK C $70	—	—	—	—	1	3¼	$63⅝
FNC C $20	5	4	—	—	—	—	$23⅝
FNC C $25	—	—	3	1¼	—	—	"
HO C F.30	1	2.70	—	—	—	—	F.32.20
HO C F32.50	13	1.80	4	3.20	—	—	"
HO C F.35	25	0.80	—	—	—	—	"
HO C F.37.50	6	0.50	—	—	—	—	"
HO C F.40	1	0.20	—	—	—	—	"
IBM C $320	8	9	4	17	—	—	$310
KLM C F.100	25	14.80	22	17	—	—	F.112.50
KLM C F.110	30	8	10	9.50	—	—	"
KLM C F.120	13	3.50	52	5.30	20	7	"
KLM C F.130	20	1.60	16	2.60	—	—	"
KLM C F.140	10	0.70	16	1.50	—	—	"
KLM P F.100	—	—	1	1.50	—	—	"
KLM P F.110	—	—	1	3.60	1	4.20	"
KLM P F.120	—	—	—	—	3	9.20	"
PHI C F.22.50	114	4	18	4.40	—	—	F.26.30
PHI C F.25	207	1.70	136	2.40	5	2.80	"
PHI C F.27.50	45	0.50	167	1	74	1.50	"
PRD C $40	57	1¼	10	2½	—	—	$35½
PRD C $45	2	½	10	1¼	—	—	"
RD C F.130	20	8	—	—	—	—	F138
RD C F.135	15	3.50			—	—	"
RD C F.140	75	1.90	126	3	—	—	"
RD C F.130	17	1	—	—	—	—	"
UNI C F.125	5	4.50	—	—	—	—	F.129
UNI C F.130	11	1.90	—	—	1	3.70	"
	May		Aug.		Nov.		
BA C $46⅝	18	⅝	6	2¼	—	—	$42½
SLB C $73⅝	5	2½	—	—	—	—	$74¾
	June		Sept.		Dec.		
GM C $60	—	—	—	—	2	3¼	$59⅝

TOTAL VOLUME IN CONTRACTS 0294

C=Call

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Chaterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	13 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12½%
First Nat. Fin. Corp.	15 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Royal Bk. Canada Tst.	12 %
Schlesigner Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	15 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

COMMODITIES and AGRICULTURE

Lead shortfall and small zinc surplus forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

A SMALL shortfall in world supplies of lead, and a marginal surplus of zinc this year, was predicted yesterday by the International Lead and Zinc Study Group meeting in London.

In both cases the Study Group, an inter-governmental organisation representing producing and consuming countries, has changed its mind since last assessing the markets in November.

Then the Study Group forecast that there would be a surplus of lead in 1979, and suggested there would be a much bigger surplus of zinc than is now being predicted.

Lead consumption in the non-Communist world is expected to rise only slightly to 3.74m tonnes this year, while production should increase by 4.7 per cent to 3.86m tonnes, including greater scrap supplies.

However after taking into account higher exports to Communist bloc countries, it is estimated there will be a small deficit of supply. It was noted that stocks held by producers, and the London Metal Exchange warehouses, are still at low levels.

Consumption of zinc could rise by a *further 4 per cent* this year to 4.7m tonnes, still below the record 1973 level, according to the Study Group estimates.

While zinc metal production *is expected to jump by 11 per* cent to 4.75m tonnes, a much smaller rise in mine output should result in a reduction of concentrates stocks.

For both lead and zinc consumption is continuing to rise more rapidly in developing countries compared with industrialised areas, who still account for the bulk of sales.

Lead and zinc values were higher on the London Metal Exchange following uptrend in copper. Cash lead gained £9.5 to £539.5 a tonne, encouraged by reports of Soviet Union representatives visiting Britain showing renewed buying interest.

The rally in copper prices followed an upward trend in New York overnight and a general *feeling* the market was somewhat oversold. Cash wirebars closed £15.75 up at £1,000.5 a tonne.

Nickel and aluminium also moved higher. In its second day of trading turnover on the new nickel futures contract fell back to 220 tonnes, while the three months quotation gained £30 to £2,787.5 a tonne as previous selling pressure disappeared.

In contrast to the other metals, tin prices lost ground. *Cash tin was hit by freer offer*ings in the morning which drove the price down to £7,320 at one stage before rallying to close at £7,385 a tonne, £35 lower.

U.S. bans poultry from U.K.

By Our Commodities Staff

THE U.S. Department of Agriculture (USDA) has banned imports of English poultry and hatching eggs indefinitely because of the *recent outbreak of fowl* plague on two East Anglian turkey farms.

The ban will remain in force until the disease is *eradicated from England, the* USDA said.

The U.S. has kept itself free of fowl plague, which attacks chickens, turkeys, *guinea fowl and pea fowl*, since 1929 through a strict policy of import control.

Live chick exports from England are already banned *in* the U.S. because of Newcastle disease, while the the two countries is "modest," hatching eggs trade between British Poultry Federation spokesman said yesterday.

But he was concerned that the ban might delay the reopening of the live chick trade. Britain has been free of Newcastle disease for nearly a year and in the absence of any new outbreaks the ban would have *been lifted in the near* future.

In America, however, Newcastle disease and fowl plague are lumped together as "fowl pest" and this could mean that British chicks will be kept out of America for a further 12 months or more.

Fowl plague reappeared in Britain after an absence of 15 years when an outbreak was reported at North Repps, Norfolk, three weeks ago. A *second outbreak on a neigh*bouring farm was confirmed last week. All the birds on the farms have been slaughtered.

Natural rubber supply deficit

By Our Commodities Staff

NATURAL RUBBER production last year rose to 3,675,000 tonnes, but was still 50,000 tonnes below demand according to estimates by the International Rubber Study Group, out today.

But synthetic rubber output at 8,700,000 tonnes exceeded consumption, also by 50,000 tonnes.

Total natural rubber stocks at the end of 1978 were estimated at 1,450,000 tonnes and synthetic stocks at 1,875,000 tonnes.

COMMODITY AGREEMENTS

Iron ore price struggle

BY BRIJ KHINDARIA IN GENEVA

THE ASSOCIATION of Iron Ore Exporting Countries (known by its French initials as APEF) is under growing pressure to consider ways of improving the price of iron-ore despite opposition from some of its members.

At a Ministerial meeting here earlier this month developing country members of APEF pressed strongly for a first step towards such measures, but ran into stubborn opposition from its industrialised country members — Australia and Sweden.

The nine-member association, which was established only four years ago, is at a cross-roads because of the dispute over how to handle the industry's prob*lems of falling prices and pro*fits. Its developing country members are: Algeria, India, Liberia, Mauritania, Peru, Sierra Leone and Venezuela. *APEF* members accounted for 56 per cent of world iron-ore exports in 1976, excluding East Europe, China and North Korea.

Because mining ore involves very heavy long-term investments, it is usually sold under long-term contracts, and the investments are financed with the *help of consumers. The prices* paid for the ore are kept secret making the development of a coherent world price structure difficult, although it is a major *internationally* traded raw material, with an import value in 1977 of about $7bn.

Figures collected by the UN Conference on Trade and Development (Unctad) show that the real price of iron ore has been on a downward trend for more than two decades, *falling from $9.87 per tonne in* 1955 to $8.16 in 1976. The dollar's recent depreciation has made matters worse because all export prices of iron ore are calculated in dollars.

Demand for iron ore depends almost exclusively on the state of steel industries in developed countries. But these industries, faced with massive increases in labour, energy and capital goods costs, have kept a tight hold-down as monopoly buyers on the price they pay for iron ore.

The cost of producing iron ore has, however, increased considerably for the same reasons as that of steel—yet the rise in earnings has failed to keep up with that of costs, leading to a tight squeeze on profits, particularly in developing country mines.

Mr. B. K. Sanyal, secretary general of APEF, says that in many developing countries iron ore revenues do not cover costs but governments subsidise exports for the sake of earning foreign exchange. Mauritania, *for example, earns 77 per cent* of its foreign exchange from iron ore exports, while Liberia earns about 70 per cent.

"Iron ore mining today is an *act of faith rather than an* economically viable enterprice," he told a recent symposium on iron ore.

The developed and developing country members of APEF have run into problems because of a difference in approach to implementation of the pledge stated in APEF's founding agreement to help members to "secure fair and remunerative returns from the exploitation, processing and marketing of iron ore."

Developing countries are now pressing for close consultation and information exchanges among members aimed at drawing up a policy which could raise earnings from iron ore. These countries are careful to say that forming a cartel is far from their minds.

But they note that the Common Market's Davignon plan, aimed at bolstering the ailing steel industry, is an example of a cartel that works.

One method suggested for raising earnings is production controls to prevent over-investment in iron ore and to mop up over-capacity estimated at 100m tonnes per year. Unsold stocks *at the end of last year are esti*mated at nearly 200m tonnes.

Developed country members have so far refused to discuss the prices issue in any form. In their view the Association should be no more than a forum for exchange of ideas and a research unit conducting studies concerning the state of the industry in member countries.

These members fear a backlash from consumers. They also *say that they cannot interfere* with the iron ore miners and traders on their territories because these are private enterprises.

In contrast, nearly half the mines in developing countries are controlled by governments. A further difficulty is that the prices laid down in long term contracts cannot be tampered with by governments.

The only regular forum in which iron ore producers and *consumers have sat together for* discussions so far is a committee of Unctad which is currently studying the feasibility of an international commodity arrangement for iron ore as part of Unctad's integrated programme of commodities.

Negotiations in this committee are still at a very early stage and developing producers have begun to feel that they must develop a common policy to provide impetus in the committee for measures to improve prices.

Several developing countries are keen that some kind of link should be developed between iron ore and steel prices mainly because of the special relation*ship between iron and steel*—steel cannot be made without iron ore and the only important use of iron ore is in making steel.

The Unctad committee has, however, so far steered clear of trying to make any such link because of pressure from the steel industry, which feels that it would run into further serious troubles if the price of iron ore were to rise automatically with every increase in the price of steel.

A study of steel industry performance by the Organisation for Economic Co-operation and Development indicates that while the cost of inputs such as labour and energy are forecast to rise, the supply of iron ore to the industry is forecast to grow without any significant increase in price in coming years.

This reflects the steel industry's confidence that it can *hold iron ore prices in check.*

Argentina losing wine sales

By Our Buenos Aires Correspondent

SELLING PRICES charged by Argentine wine producers "are *four times the prices of their* European counterparts," accord*ing* to David Stevens of Matthew Clark and Sons, UK wine importers, on a visit here.

Speaking on his departure to *Chile*, where he now intends to buy wine, Mr. Stevens said his company has been importing about 4.5m bottles of Argentine wine into Britain annually for the last ten years. But he commented: "I fear Argentina has lost not only the British wine market but that of all *Europe*."

He noted that by March last year Argentina had sold 28m litres of wine to the Soviet Union, but since then had not managed to place a single litre there.

Mr. Stevens said he was surprised to find the majority *of growers blamed the high* prices on their Government's rate of foreign exchange, saying the peso had not been devalued enough.

But he added the exporters blamed the wine growers "who held back their product in the hope of seeing prices rise."

U.S. studies sugar contingency plans

BY RICHARD MOONEY

THE U.S. Agriculture Depart*ment is preparing an analysis of* the world and domestic sugar markets, partly as a contingency plan in case administrative action becomes necessary, *USDA officials said in Washing*ton yesterday.

The Administration may need to act if no progress is made on the proposed domestic sugar legislation soon. On Monday representatives from various U.S. sugar producing groups failed to agree on the *legislation*.

The major unresolved issues are the labour provisions and whether direct payments to producers should be used.

The group had earlier decided to support a domestic sugar price objective of 15.8 cents a lb in 1979 compared with 15 *cents in 1978. For future years* it would support a formula proposed by Mr. Thomas Foley, chairman of the House Agriculture Committee, and Congressman Al Ullman which would raise the price objective in line with rises in production costs but with a 7 per cent ceiling.

In London sugar traders remained *pessimistic* on the prospects for an early U.S. ratification of the international sugar pact, which has been held up by the failure to agree on a domestic policy.

Meanwhile, London futures market prices for sugar eased further in quiet conditions. The August position ended the day £1.2 lower at £101.025 a tonne after slipping to £100.45 a tonne at one time.

In the *morning* the London *daily raw sugar price was fixed* unchanged at £94 a tonne.

At yesterday's EEC Commission tender in Brussels 44,000 tonnes of white sugar were authorised for export.

This was 3,000 tonnes more than last week but is still well below the 50,000 tonnes plus *levels recorded earlier. No raw* sugar exports were authorised.

● The area sown to sugar beet in France is likely to drop 3 per cent this year from the 525,000 hectares sown last season, a Beet Planters Association spokesman said, reports Reuter from Paris.

Sisal target price raised

FINANCIAL TIMES REPORTER

ROME — Leading exporting and importing countries have agreed to higher indicative prices for sisal and henequen, tropically grown hard fibres used chiefly for harvest twine.

A price range for 1979 of $525 to $625 per tonne for the chief East African sisal grade, cif Europe, was adopted by the intergovernmental group on hard fibres of the UN Food and Agriculture Organisation here yesterday.

The new price range compares with $450 to $550 per tonne in force for 1978 and recent market prices of about $600 a tonne.

Indicative prices are set by the FAO group, which includes major growers and users of the fibres, in order to suggest a desirable range that is low enough to be competitive with synthetic fibres and high enough to encourage efficient farmers. Brazil and Tanzania are the leading sisal-producing countries, while Mexico is the primary source of henequen.

The higher price range for 1979 was requested by producing countries to meet higher production and freight costs and to offset inflation.

At its meeting last week, the fibres group also agreed to suspend indicative prices for abaca, a hard fibre exported *primarily from the Philippines* for use in rope and papers. Although market prices are at present well above the maximum of the current indicator price range, the abaca-importing countries asked that the FAO group wait for some time to see whether prices would subside from their present high levels.

If they remain outside the range, consultations are to be convened between the Philippines and major importing *countries to reconsider a request* from producers to raise the indicative price range in a few months' time.

Israeli farm exports increase

By L. Daniel in Tel Aviv

ISRAEL'S AGRICULTURAL exports increased considerably during the past winter/spring season.

Shipments abroad of fresh vegetables had reached 53,477 tonnes by the end of last week, compared with 44,132 tonnes in the corresponding period of 1977/78.

Exports of fruit (other than citrus) increased by 4,000 tonnes to 20,000 tonnes and brought in $28m as against $18m a year earlier. Flower exports came to $543m units (333m)

BRITISH COMMODITY MARKETS

COPPER—Gained ground on the London Metal Exchange. Forward metal opened higher at £1,005, reflecting the firmness of Comex overnight, but eased back to around £1,002 following fairly heavy selling from an influential source. However, the market moved ahead in the afternoon as Comex rose and forward metal closed the late kerb at £1,008 as renewed influential selling was met by speculative short-covering. Turnover 21,600 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	994-.5	+7.25	1000-1	+15½
3 months	1002-.5	+9.5	1007-.5	+10
Settl'm'nt	994.5	+7	—	......
Cathodes				
Cash	1000-1	+9	1005-6	+15
3 months	997.5-8	+10½	1002-3	+15
Settl'm'nt	1001	+9	—	......
U.S. Smt.	—	......	*98-105.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £994.5, three months £1,005, 4, 3, 2, 3, 4, 3, 2.5, 2. Cathodes, cash £999, 99.5, 1,000. Kerb: Wirebars, three months £1,002.5, 2. Afternoon: Wirebars, three months £1,002, 7, 6, 6.5, 7. *Cathodes, cash £1,005, three* months £1,003. Kerb: Wirebars, three months £1,007.5, 7, 6, 6.5, 7, 8, 8.5, 9.

TIN—Barely changed on balance. Forward metal made an uncertain start as a fall in the Penang market was followed by hedge selling which depressed the price to £7,065. Cash metal came under selling pressure which was reported to have been well absorbed. In the afternoon renewed buying of cash metal coupled with the strength of other markets lifted forward material to £7,130 prior to a close on the late kerb of £7,120. Turnover 1,080 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7310-20	—155	7380-90	—55
3 months	7085-105	—50	7130-50	+10
Settlem't	7320	—150	—	......
Standard				
Cash	7310-20	—155	7380-90	—55
3 months	7065-70	—52.5	7115-20	+12.5
Settlem't	7320	—140	—	......
Straits E.	‡$1960	—16	—	......
New York	—		—	......

Morning: Standard, cash £7,350, 30, 20, 15, *three months* £7,090, 80, 70, 60, 50, 60, 65. Kerb: Standard, three months £7,075, 80, 85, 90, 7,100. Afternoon: Standard; cash £7,400, 7,390, 80, 90, three months £7,100, 7,095, 7,100, 7,110, 15, 20. Kerb: Standard, three months £7,130, 20.

LEAD—Higher with the market priced up with copper. Forward metal traded between £507 and £514.5 prior to closing the late kerb at £513.5 following rumours of East European buying. Turnover 6,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	537-.5	+.75	539-40	+9.5
3 months	511-.5	+1.75	514-5	+9
Sett'ment	537-.5	+.5	—	......
U.S. Spot	—	......	*48	......

Morning: Cash £538, 37, 36.5, 37, three months £511, 10.5, 11, 12, 11.5, 12, 11, 10, 11, 11.5. Afternoon: Cash £539, 40, three months £512, 12.5, 13, 13.5, 14. Kerb: Three months £514, 13.

ZINC—Edged up in line with other metals with forward material moving within £385 and £390 before a close on the late kerb of £389. Turnover 4,450 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	375-.5	......	377-9	+3.75
3 months	386.5-7	—.5	389-90	+5.5
S'ment	375.5	......	—	......
Prim.west	—	......	*37.5-9.5	......

Morning: Cash £375, three months £387. Kerb: Three months £387. Afternoon: Three months £389, 88.5, 89, 89.5, 90. *Kerb: Three months £389, 90, 89.*

ALUMINIUM—Moved ahead owing to the firmness of copper. Forward metal made fresh progress following chartist and speculative buying to close around the day's highest levels of £765 with *the backwardation widening to £15 at* one point. Turnover 6,075 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	775-6	+7.5	778-80	+9
3 months	761-.5	+6	765-6	+9

Morning: Cash £777, 76, three months £763, 64, 62, 63, 63.5, 64, 63.5, 62.5, 62, 61, 60, 61. Kerb: Three months £761.5. Afternoon: Three months £763, 64, 64.5, 65.5, 66. Kerb: Three months £765.5, 65, 64, 63, 62, 63.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

NICKEL—Firmer in fairly quiet trading as merchant selling in a thin market saw forward metal ease from £2,800 on the early pre-market to around £2,790 on the late kerb. Turnover 222 tonnes.

NICKEL	a.m Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	2792-8	+17.5	2785-90	+30

Morning: Three months £2,790, 2,800, 2,798, 98, 95, 95. Kerb: Three months £2,790. Afternoon: Three months £2,795, 90. Kerb: Three months £2,790.

SILVER

Silver was fixed 4.75p an ounce *higher for spot delivery* in the London bullion market yesterday at 360.1p. U.S. cent equivalents of the fixing levels were: Spot 744.6c, up 9.1c; three-month 761.5c, up 9.2c; six-month 779.0c, up 10.3c; and 12-month 800.6c, up 7.8c. The metal opened at 359.4-360.4p (743-745c) and closed at 361.3-362.3p (747-749c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	360.10p	+4.75	362.1p	+6.25
3 months	369.5p	+4.75	371.65p	+6.3
6 months	378.4p	+4.75	—	......
12 months	391.25p	+4.25	—	......

LME—Turnover 163 (215) lots of 10,000 ozs. Morning: Three months 369.7, 9.9, 70, 69.7, 9.6, 9.7, 9.8, 9.9. Afternoon: Three months 369.2, 9.5, 9.8, 70, 70.5, 70.8, 71, 1.5, 1.7. Kerbs: Three months 372, 2.5, 72, 2.4, 2.5, 2.7, 2.8.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: May 395.0, 398.0, 397.0-395.5, 58; July 407.5, 408.5, 408.5-408.15; Oct. 404.8, 404.9, 405.0-404.5, 40; Dec. 405.0, 405.5, 408.5-405, 31; March 407.5, 408.0, 408.0-407.5, 28; May 408.0, 408.5, 409.0-408.5, 30; July 410.0, 411.0, 411.0-411.0, 5; Oct. 411.0, 413.0, nil, nil. Sales 210.

LONDON GREASY—Close (in order buyer, seller). May 240.0, 245.0; July 247.0, 253.0; Oct., Dec., March, May, July and Oct. 250.0, 255.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). May 194.0, 198.0; July 198.0, 202.0; Oct. 200.0, 203.0; Dec., March, May, July and Oct. 205.0, 209.0. Sales nil.

COCOA

Cocoa further remained steady throughout the day and traded in quiet conditions, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	1644.0-48.0	—11.0	1665.0-35.0
July	1604.0-05.0	—5.0	1620.0-1580
Sept	1625.0-25.0	—9.5	1638.0-16.0
Dec	1680.0-82.0	—7.5	1695.0-75.0
March	1708.0-09.0	—4.0	1720.0-00.0
May	1725.0-38.0	—4.5	1743
July	1746.0-65.0	—0.5	—

Sales 2,213 (3,436) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price April 23 150.71 (150.23). Indicator prices for April 24: 15-day average 146.90 (146.84): 22-day average 148.22 *(same)*.

COFFEE

ROBUSTAS opened unchanged to slightly higher as forecast and remained fixed in a tight range in thin trading conditions, reported Drexel Burnham Lambert. The afternoon was rather disappointing but an encouraging New York performance together with good trade buying gave influence towards a *steady late session, prices finally* closing the lower to £13 higher on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1567-1569	—04.0	1572-65
July	1551-1552	+13.5	1554-36
September	1549-1550	+10.0	1554-38
November	1547-1549	+08.5	1552-40
January	1544-1545	+04.0	1552-43
March	1537-1539	+05.0	1542-34
May	1526-1535	+03.0	1538-35

Sales: 3,380 (3,312) lots of 5 tonnes.

ICO Indicator prices for April 23 *(U.S. cents per pound): Colombian* Mild Arabicas 145.00 (144.00); unwashed Arabicas 146.00 (same); Robustas ICA 1968 144.50 (same); Robustas ICA 1976 144.00 (same); other Mild Arabicas 140.22 (140.28). Composite daily average 137.94 (137.53).

RUBBER

EASIER opening on the London *physical market*. Little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 280 (282) cents a kg (buyer, May).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
May	61.00-61.50	62.55-62.40	61.40-61.25
June	62.10-62.50	63.85-63.95	63.00
Jy-Sept	64.40-64.50	65.65-65.90	65.15-64.60
Oct-Dec	66.35-66.40	67.90-67.95	67.90-66.40
Jan-Mar	67.75-67.85	69.30-69.40	69.35-67.80
Apr-Jne	69.25-69.35	70.65-70.70	70.60-69.50
Jy-Sept	70.80-70.85	72.15-72.20	71.50
Oct-Dec	72.35-72.50	73.65-73.70	73.05
Jan-Mar	74.15-74.25	75.30-75.55	74.60-74.15

Sales: 321 (381) lots of 15 tonnes, 12 (11) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 60.5p (61.75); June 64.75p (65.75); July 64.75p.

GRAINS

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	101.10	—0.8	91.95	+0.85
Sept.	92.85	+0.15	86.95	+0.1
Nov.	95.70	+0.15	90.15	+0.1
Jan.	99.10	—0.05	93.60	+0.1
Mar.	101.95	+0.05	96.40	+0.05

Business done—Wheat: May 101.85-101.55, Sept. 92.85-92.70, Nov. 95.70-95.55, Jan. 99.25-99.10, March 101.95-101.95. Sales 140. Barley: May 97.10-96.80, Sept. 87.00-86.90, Nov. 90.15-90.15, Jan. 93.50-93.50, March 96.45-96.40. Sales 58.

SOYABEAN MEAL

The London market opened with gains of £1 on constructive USDA stock, reported T. G. Roddick. On quiet trade the market drifted, but found trade support at lower levels.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	122.50-22.4	+0.55	123.00-122.80
August	124.50-24.8	+0.55	125.00-124.00
October	123.30-24.2	+1.0	—
December	121.70-22.0	+0.55	—
February	122.50-23.5	......	—
April	123.00-25.5	+0.25	—
June	124.00-27.5	+0.25	—

Sales: 25 (18) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £94.00 (same) a tonne cif for March-April shipment. White sugar daily price *was £99.50 (same)*.

The market was 50 points lower at the opening, but although further small losses were recorded later, good support was apparent at the lower levels so that prices recovered by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	98.20-98.25	97.58-97.60	97.60-95.80
Aug.	101.00-01.05	102.20-02.25	102.40-00.45
Oct.	104.95-05.00	106.15-06.25	106.25-04.40
Dec.	108.75-08.80	110.30-10.35	110.15-08.40
March	115.30-15.40	114.70-14.80	114.80-13.00
May	*118.85-18.90*	*117.70-17.80*	*118.80-15.50*
Aug.	119.35-19.40	121.10-21.25	—

Sales: 3,788 (2,883) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £161.00 (£162.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for April 23 7.60 (7.64): 15-day average not available—(7.64): 15-day average 7.92 (7.97).

WHITE SUGAR—Close *(in order* buyer, seller, business, sales). July 100.50, 101.00, 102.00-101.00, 105; Sept. 104.50, 104.90, 106.00-104.00, 52; Nov. 108.60, 108.70, 108.75-108.40, 27; Feb. 116.30, 116.50, nil, nil; April 119.75, 120.00, nil, nil; July 123.00, 124.75, nil, nil; Sept. 127.00, 130.00, nil, nil. Sales: 184.

GRAINS

Old crops opened 15p lower and in a fairly featureless market values eased to close 35-40p down in thin volume. New crops opened 10p up. Options remained steady throughout the day and values closed 5-15p higher on wheat and 5-10p higher on barley, Acli reports.

HGCA — Locational ex-farm spot *prices. Other Milling Wheat: Berkshire* and Oxon. 103.00. Feed Barley: N.E. England 97.50, Berkshire and Oxon 97.30.

The UK monetary coefficient for the week beginning April 30 (based on HGCA calculations) is expected to increase to 1.205.

EEC IMPORT LEVIES—The following levies and premiums are effective for April 25 in order of current levy plus May, June and July premiums (with previous in brackets), all in units of *account per tonne. Common wheat:* 107.12, 1.39, 1.39, 3.26 (107.12, 1.39, 1.39, 4.94); Durum wheat: 160.02, nil, nil, 2.84 (160.02, nil, nil, 2.25). Rye: 105.59, nil, nil, 0.75 (105.59, nil, nil, 0.75); Barley: 105.40, rest nil (105.40, rest nil); Oats: 105.71, rest nil (105.71, rest nil); Maize (other than hybrid for seeding): 92.82, 0.56, 0.56, 0.75 (94.18, rest nil); Buckwheat: 0.80, rest nil (0.80, rest nil); Millet: 98.19, rest nil (98.19, rest nil); Grain sorghum: 104.93, rest nil (104.93, rest nil). Flour levies: *Wheat or mixed wheat and rye flour:* 164.40 (164.40); Rye flour: 162.24 (162.24).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on April 24. GB cattle 75.15p per kg.l.w. (+1.47). UK sheep 186.8p per kg.est.d.c.w. (+2.7). GB pigs 68.0p per kg.l.w. (−0.2). England and Wales: *Cattle numbers down 5.3 per cent,* average price 75.00p (+1.05). Sheep numbers down 3.1 per cent, average price 186.5p (+0.8). Pig numbers down 8.2 per cent, average price 67.6p (−0.3). Scotland: Cattle numbers up *4.2 per cent, average price 75.62p* (+2.86). Sheep numbers down 22.0 per cent, average price 188.0p *(+18.7). Pig numbers up 20.5 per* cent, average price 61.6p (−0.1).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 56.0 to 60.0; Eire hindquarters 78.0 to 80.0, forequarters 37.0 to 40.0.

Veal: English fats 66.0 to 74.0, Dutch hinds and ends 80.0 to 95.0.

Lamb: English small new season 94.0 to 110.0; Imported frozen NZ PL new season 49.0 to 50.0, PM new season 48.5 to 49.5.

Hoggets: English 70.0 to 86.0; Scottish 70.0 to 82.0.

Pork: English, under 100 lb 36.0 to 45.0, 100-120 lb 35.0 to 43.0, 120-160 lb 33.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise *stated. Imported produce: Tangerines*—Californian: 100/150's 6.00. Oranges—Spania: Bloods 3.10-3.40; Israeli: Shamouti 4.40-5.50; Cyprus: 3.50-4.30; Moroccan: Valencia Lates 4.00-4.20. Ortaniques — Jamaican: 8.25-8.75. Lemons—Italian: 100/120's 4.80-5.00; Cyprus: Trays 3.40-4.30; Spania: Trays 30/40/45 1.50-1.80; S. African: 5.50-6.00. Grapefruit—Cyprus: 3.00-5.00; Israeli: Jaffa 27/88 3.45-4.25; S. African: 30/64 3.00-3.80. Apples—S. African: Dunn's 5.70-6.00, Golden Delicious 6.50-6.70, Starking 6.00-6.50, Jonathan 5.00-5.50, Granny Smith 7.00-7.50. White Winter Pearmain 6.20-6.60; French: Golden Delicious (20 lb) 72's 1.70-2.00, 84's 1.60-1.80, (jumble pack) per pound 0.08, Starkrimson (40 lb) 138/198's 4.00-5.20, (jumble pack) per pound 0.08, Starking *(40 lb) 150/175's* 3.60-5.00; Italian: Granny Smith per pound 0.12, Romes 0.10; Washington: Red Delicious 40 lb 7.50-10.00; New Zealand: Cox's 163/175's 8.20-8.50; Chilean: Granny Smith per box 163's 7.40-7.50. *Pears—S. African: Cases 40 lb Pack*ham's 8.00, Beurre Bosc 8.80; cartons Winter Nelis 5.60-6.00, Packham's 5.80-6.70, Beurre Hardy 5.20-6.00, Beurre Bosc 5.50-5.80; Italian: Passacrassane trays 14 lb 2.40; Chilean: Winter Nelis *cases 150's 7.00, Packham's 7.80.* Plums—S. African: Per pound Songold 0.35-0.40, Golden King 0.35-0.40. *Bananas—Jamaican: Per 26 lb 3.90-*4.20. Grapes—S. African: Cartons, Waltham Cross 4.60, Barlinka 3.90-4.00, Golden Hill 5.80, New Cross 5.50; Chilean: Almeria 5.00, Red Emperor 4.80. Strawberries—Italian: Approx ½ lb *punnetts 0.30; Spanish: 0.30-0.40.* Avocados—Israeli; 3.20-3.30; S. African: 4.00-4.20. Onions—Dutch: 2.00-2.40; S. African: 22 lb 1.50; Italian: 22 lb 1.50; Hungarian: 55 lb 2.40; Polish: 55 lb 2.50-3.50; Chilean: 5.40-5.80. Tomatoes—*Canary: 3.40-4.50; Jersey: Per pound* 0.50; Dutch: 0.46-0.50.

English Produce: Potatoes—Per 25 kg *2.40-2.80. Lettuce—Per 12 round* 1.10-1.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.05-0.10; Cox's Orange Pippin 0.10-0.20; Laxtons 0.04-0.06. Pears—Per pound Conference 0.15-0.20. Beetroot—Per 28 lb 1.00-1.10, long 1.40. Carrots—Per 28 lb 1.20-1.80. Onions—Per 28 lb 1.60-2.50. Rhubarb—Per pound outdoor 0.05-0.06, indoor 0.12-0.14. Tomatoes—Per pound 0.45-0.50. Swedes—Per 28 lb 1.30-1.40. Turnips—Per 28 lb 1.00-1.20. Cucumbers—Trays 8/18's 1.60-2.00, pre-pack 2.00-2.40. Cauliflowers—12's 3.00-3.70.

PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 24 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cs)	$1,540-60	......	$1,580/61
Copper			
Cash w'bar	£1,000.5	+15.75	£1,036
3 mth „	£1,007.25	+15.0	£1,046.25
Cash Cathode	£1,005.5	+15.0	£1,029
3 mth „	£1,002.5	+15.0	£1,041.5
Gold troy oz.	$241.375	+4.75	$245.625
Lead cash	£539.5	+9.5	£575
3 mth	£514.5	+9.0	£538.5
Nickel	£2750.09	......	£2,523.14
Freemkt(cif)(lb)	252/76c	+4.0	244/49c
Platin'm tr'y oz	£159	......	£164.5
Free mkt	£190.05	+1.85	£197.20
Quicksil'ver	$270/77	+1.5	$255/65
Silver troy oz	360.1p	+4.75	376.15p
3 months	369.5p	+4.75	385.95p
Tin cash	£7,385	—35.0	£7,380
3 mths	£7,117.5	+12.5	£7,282.5
Tungsten	$137.42	......	$137.51
Wolfrm 22.04 cif	$134/39	+1.0	$135/40
Zinc cash	£378	+3.75	£398
3 months	£389.5	+3.5	£408.25
Producers	$800	......	$800
Oils			
Coconut (Phil)	$1,130p	—10.0	$1,015
Groundnut	‡	......	‡
Linseed Crude	£405	......	£441
Palm Malayan	$657x	—3.0	$679
Seeds			
Copra Philip	$740s	......	$690
Soyabean (U.S.)	$303.4x	+0.4	$323
Grains			
Barley Futures	£86.95	+0.10	£86.55
Maize			
French No 3 Am	111.0r	......	£110
Wheat			
No. 1 Red Spg	‡	......	‡
No2HardWint	‡	......	£89.75
Eng. Milling †	£101.5	......	£103*
Other commodities			
Cocoa ship't	£1,660	—5.0	£1,707
Future July	£1,604.5	—5.0	£1,671.5
CoffeeF't'rJuly	£1,551.5	+15.5	£1,471
Cotton A'index	73.15c	—0.25	73.3c
Rubber kilo §	60.5p	—1.25	61p
Sugar (Raw)	£94	......	£103
Wooltp's 64s kl	285p	......	288p

* Nominal. † New crop. ‡ Unquoted. *p* April-May. *q* May-June. *r* May. *s* June-July. *t* April-June. *u* June. *x* Per ton. *z* Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, April 23.

Cocoa—May 143.90 (144.00), July 146.00 (144.00), Sept. 148.00, Dec. 150.90, March 153.00, May 154.50, July 156.00, Sept. unquoted.

Coffee—"C" Contract: May 142.75 (143.85), July 146.60-147.00 (147.78), Sept. 150.75-151.00, Dec. 150.00-155.50, March 147.25-147.50, May 147.25-147.50, July nil.

Copper—April 90.80 (88.25), May 90.95 (88.50), June 91.45, July 91.85, Sept. 92.05, Dec. 92.15, Jan. 92.20, March 92.30, May 92.40, July 92.50, Sept. 92.65, Dec. 92.80, Jan. 92.80.

Cotton—No. 2: May 57.55-57.60 (58.52), July 59.60-59.65, Oct. 61.25-61.55, Dec. 61.46-61.60, March 63.10, May 64.10 bid, July 64.60-65.10 asked, Oct. 64.60 bid. Sales: 7,250.

This edition went to press before the latest U.S. commodity prices were available.

*Gold—April 241.60 (235.60), May 242.30 (237.60), June 243.60, Aug. 247.90, Oct. 252.10, Dec. 256.40, Feb. 260.70, April 265.00, June 269.30, Aug. 273.60, Oct. 277.90, Dec. 282.20, Feb. 286.60.

*Platinum—April 394.00 (282.90), May 393.00 bid (387.50), June 392.00 bid, July 387.10, Oct. 383.50, Jan. 384.00, April 385.70 bid, July 385.00, Oct. 390.60 bid.

¶Silver—April 742.00 (735.50), May 743.50 (737.10), June 749.00, July 756.50, Sept. 767.40, Dec. 782.40, Jan. 787.20, March 796.90, May 806.70, July 816.50, Sept. 826.30, Dec. 841.30, Jan. 848.20. Handy and Harman spot 740.00 (737.10).

Sugar—No. 11: May 7.51-7.52 (7.51), *July 7.92-7.93 (7.92), Sept. 8.27-8.28,* Oct. 8.40-8.42.

Tin—700.00-710.00 nom. (702.00-710.00 asked).

CHICAGO, April 23.

Lard—Chicago loose 26.25 (26.00). *New York prime steam 27.75 (27.50).*

Live Hogs—June 50.70-50.55 (50.45), July 50.92-50.87 (50.82), Aug. 47.70-47.65, Oct. 44.15-44.25, Dec. 44.60-44.65 bid, Feb. 44.00 bid, April 41.80, June 43.62 asked. Sales: 3,621.

‡‡Maize—May 253¾-253½ (252¼), July 258¼-258½ (257), Sept. 261, Dec. 265-264½, March 272½, May 278½.

Pork Bellies—May 59.50-59.30 (58.87), July 58.55-58.40 (57.62), Aug. 55.40-55.25, Feb. 53.82 bid, March 53.32 bid, May nil, July 53.50 bid, Aug. 52.00 asked. Sales: 3,712.

Silver—April 747.0 (733.9), *May* 747.5 nom. (736.1), June 755.0-753.5, Aug. 765.5-766.0, Oct. 776.0, Dec. 785.5, Feb. 796.5, April 804.8, June 814.0, Aug. 823.5, Oct. 833.5, Dec. 843.5, Feb. 853.5, April 863.5, June 873.5 nom., Aug. 884.9 nom., Oct. 895.0 nom., Dec. 905.5.

‡Soyabeans—May 727-728 (729), July 741¼-740 (741½), Aug. 738¼-737½, Sept. 711½, Nov. 696-695½, Jan. 705-705½, March 717, May 725½.

‖Soyabean Meal — May 191.50 (191.70), July 196.20-196.30, Aug. 197.40, Sept. 195.00, Oct. 190.50, Dec. 190.00-190.10, Jan. 191.00-192.20 bid, March 194.00, May 195.50-196.00.

Soyabean Oil — May 25.95-25.98 (26.12), July 26.23-26.25 (26.33), Aug. 26.25, Sept. 25.77, Oct. 25.25-25.30, Dec. 25.00-24.91, Jan. 24.95, March 24.90-24.95, May 25.95-25.00, July 24.90-24.95.

‡Wheat—May 339¾-340 (338¾), July 326¼-326½ (325¼), Sept. 329, Dec. 339½-339¼, March 348¾, May 352.

WINNIPEG, April 23. §Rye—May 102.70 (103.70 bid), July 102.70 bid (103.10 asked), Oct. 103.30 bid, Dec. 102.80 asked.

§Barley—May 87.10 bid (86.80 asked), July 86.69 bid (86.40), Oct. 88.60 bid, Dec. 88.00 asked, March 88.40 asked.

§Oats—May 84.00 bid (84.60), July 82.60 (83.80 bid), Oct. 25.60 asked, Dec. 84.40 asked, March 87.30.

§Flaxseed—May 326.50 asked (327.30 asked), July 323.00 asked (323.50), Oct. 315.70 asked, Nov. 310.70 asked, Dec. 303.10 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 177.90.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, April 24.

U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, unquoted. U.S. Hard Winter wheat ordinary April $152, May $152, June $151, July $149, Aug. $149, Sept. $151. U.S. No. 2 Red Winter wheat June $148, July $145, Aug. $146, Sept. $146. U.S. No. 2 Northern Spring wheat, 14 per cent, April $160.50 *quoted, May $152.50, June $149.50,* July $148.50, Aug. $148.

Maize—U.S. No. 3 Corn Yellow Oct.-Dec. $126.50, traded afloat $127, April $127, May $126.75, June $126, July-Sept. $126, Oct.-Dec. $127, Jan.-March $132.

Rye—U.S. No. 2/Canadian Western both unquoted.

Oats—All unquoted.

Sorghum—Argentine/U.S. spot 119, April-May $108, May $111, June $112. 1/2 Canadian feed barley April $112.50, *May $112.50.*

Soyabeans—U.S. 2 Yellow Gulfports afloat $293, seller $290.50, buyer April $294, May $295, June $298.25, July $299, Aug. $298.50, Sept. $298, Oct. $280.50, Nov. $278.45, Dec. $282.50, Jan. $285.75, Feb. $290.15, March $292, April $294, May $295. Brazil Yellow Faq unquoted. Argentine May-June-July $286.50.

Soyameal—44 per cent protein U.S., April-Sept. $235.50, traded afloat $234, *April-May* $235. *April-Sept.* $235.50, Nov.-March $234.50, sellers. Brazil pellets afloat $237, April-May $237, May-Sept. $240, Nov.-March $243.

PARIS, April 24.

Cocoa (FFr per 100 kilos)—May 1410-1418, July 1410 bid, Sept. 1438-1440, Dec. 1464-1469, March 1470 bid, May 1476 bid. Sales at call nil. Accumulative total 65.

Sugar (FFr per 100 kilos)—July 880-890, Aug. 900-903, Oct. 945-950, Nov. *940-950, Dec. 988-990, March 1030-1035,* May 1046-1055, July 1056-1070. Sales at call 5.

INDICES

FINANCIAL TIMES

Apr. 23	Apr. 20	M'nth ago	Year ago
272.12	269.38	274.39	237.46

(Base: July 1, 1952=100)

MOODY'S

Apr. 23	Apr. 20	M'nth ago	Year ago
1044.6	1043.4	1065.2	893.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Apr. 23	Apr. 20	Month ago	Year ago
Spot	384.27	384.84	380.31	360.15
F'tur's	387.55	386.66	387.67	350.97

(Average 1924-25-26=100)

REUTERS

Apr. 24	Apr. 23	M'nth ago	Year ago
1546.0	1549.5	1571.9	1452.9

(Base: *September 18, 1931=100*)

CORAL INDEX: Close 548-553

Reappearance of institutional buyers catches market off guard and 30-share index bounds 11.0 to 547.0

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 9	Apr. 19	Apr. 20	May 7
Apr. 23	May 3	May 4	May 15
May 8	May 17	May 18	May 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The recent view that institutional and other investors had taken their pre-election positions and were now awaiting polling day was disproved yesterday in stock markets. Soon after the opening, the appearance of two large fund buyers took the market by surprise and leading shares responded swiftly to leave the FT 30-share index 11 points up at 547.0, only 2.2 short of its best-ever closing level recorded in September, 1977.

The revival of buying was accompanied by fresh hopes of a Tory victory in the May 3 election and, although most of the genuine business was completed by mid-day, prices of the leaders continued to edge a little higher during the afternoon with the result that most quotations settled at the day's highest. Companies with dividend potential were well to the fore in the advance with double-figures gains being recorded in Unilever, Shell and John Brown. Further interest was shown in Vickers, up 9 more at 210p, awaiting today's preliminary results.

Properties and Breweries were outstanding in the general improvement, while company trading announcements again generated a fair amount of interest and contributed to a modest increase in activity. This was measured by official bargains of 5,632, which compared with 5,043 on Monday.

Renewed enthusiasm about the Conservatives gaining a sizeable majority in next week's election caught the market in Gilt-edged securities also off guard. Sellers withdrew rather quickly and a relatively light demand produced rises extending to ⅞, the movement in the recently issued £15-paid Exchequer 11 per cent 1991, at £14⅝, and in the longer-dated, Exchequer 12¼ per cent 1999 (£40-paid), at £46⅞.

Other mediums and longs were generally ½ higher, while the shorts shrugged off Monday's indecision to close similarly dearer with the exception of Treasury 12 per cent A 1983, which rose ⅝ to 103¼. In all sections of the market business was described as thin. Corporations were neglected but Southern Rhodesian bonds made fresh headway, still influenced by the satisfactory conclusion of the Rhodesian internal settlement election and the 6 per cent 1978-81 issue gained 4 points to £98.

Conditions became more active as rates for investment currency improved further with some particularly good two-way trade taking place between 56 and 57 per cent. The premium finally settled at the latter level for a rise of 1⅞ on balance. Yesterday's SE conversion factor was 0.8009 (0.8099).

The revived demand for generally ½ higher, while the options where 2,258 deals were reported, almost double the previous day's total. Boots, with 270 contracts, and Marks and Spencer, 267, attracted good interest.

The major clearing banks contributed to the general firm trend. Barclays led the advance, closing 12 up at 485p, while Lloyds, 332p, Midland, 432p and NatWest, 372p, all appreciated 9. Merchant Banks came in for a fair amount of support, particularly Hill Samuel which gained 5 to 112p, after 114p: the Warrants jumped 60 to 270p. Investment buying lifted Mercury Securities 7 more to 170p, after 172p, and Schroders advanced 25 to 465p, the latter in a thin market. Among irregular Hire Purchases, UDT softened a penny to 52p in reaction to cautious Press comment.

Insurances made good progress but failed to hold the day's best levels. GRE improved 4 to 274p, after 280p, and General Accident added a like amount to 262p, after 266p. Still reflecting disappointment with the results, London United Investments gave up 5 more at 167p. But renewed demand in a thin market lifted Hambro Life 15 to 630p.

Brewery and kindred issues moved up over a broad front. Good institutional demand helped the leaders to attain useful rises, Whitbread adding 4 at 143p, Bass, 6 at 233p, and Allied, a couple of pence at 99½p. Secondary breweries were also strong, Davenports advanced 7 to 117p and Belhaven improving 2 to 57p.

Quiet at the outset, Building encountered a flurry of mid-morning interest and subsequently closed with useful improvements. BPB moved up 12 to 324p, albeit in a relatively small business, but Tarmac, 4 higher at 196p, and London Brick, 2 dearer at 73p, attracted a fair trade. Second thoughts about the annual figures and the results of the Price Commission's investigation into the company left Rugby Portland Cement 2 firmer at 77p. Among Constructions, Taylor Woodrow advanced 10 to 423p and SGB added 7 to 267p. Buyers came in for Marley, which improved 3 to 97p, while Manders put on 6 more to 163p for a two-day rise of 10. Despite the chairman's interim profits warning, Ibstock Johnsen firmed 5 to 207p and, still drawing strength from an investment recommendation, Royco appreciated 3 to 65p.

Knott Mill higher

Figures produced by the Central Statistical Office showing that the volume of consumer spending is picking up after the last quarter slow-down of 1978 encouraged Stores. W. H. Smith A rose 8 to 184p and British Home improved 7 to 247p, while Marks and Spencer hardened 2 to 129p, after 130p, and UDS gained 3 to 120p. Suspended last Thursday at 27p following news of a bid approach from Kitchen Queen, Knott Mill resumed trading at 52p yesterday following publication of the agreed terms and, after a reasonable trade, closed at a 1979 peak of 61p; KQ finished at 45p. John Menzies added 5 to 220p following the sharp increase in annual earnings.

Against the trend in Electricals, Farnell Electronics fell away sharply to close 33 lower at 490p, after touching 465p at one time on preliminary figures which fell well short of expectations. From a higher level of 428p, Electrocomponents reacted in sympathy to finish 7 down on the day at 415p. Racal, however, put on 12 to 492p, GEC added 7 to 427p and EMI improved 4 to 135p.

Leading Engineers were quick to respond to investment demand. John Brown stood out with a gain of 17 to 572p and GKN were also noteworthy for a rise of 12 to 297p. Fresh support awaiting today's annual results lifted Vickers 9 further to 210p. Northern Engineering continued to benefit from Press mention and improved 5½ more to 138½p, while buying in an extremely thin market left A. Cohen 20 higher at 225p. English Card Clothing met further demand at 130p, up 5, and rises of 6 were recorded in Vosper, 226p, Wagon Industrial, 163p, and Baker Perkins, 147p. News that Racal had increased its stake in the company to just over 10 per cent prompted a rise of 10 to 350p in Adwest. Following the reorganisation, dealings resumed in Bank Bridge, which opened at around 42½p and pushed ahead steadily to close at the day's best of 56p.

Supermarkets came in for a fair amount of support with Tesco outstanding at 79½p, up 4, on a revival of vague bid rumours. J. Sainsbury put on 8 at 335p and Associated Dairies added 3 at 293p. Elsewhere, fresh demand lifted British Sugar 7 to 167p and Cadbury Schweppes 2½ to 62½p, the latter being helped by the optimistic annual report. Rowntree Mackintosh improved 13 to 435p and Northern Foods 4 to 128p, while the satisfactory annual results prompted a gain of 6 to 114p in Danish Bacon A. Up 1¾ on Monday on Press comment, Barker and Dobson attracted another useful turnover and improved ¾ to 19p.

In Hotels and Caterers, Trust Houses Forte picked up 5 to 185p and revived speculative demand lifted De Vere 11 to 258p.

An early morning bout of institutional buying surprised jobbers and left the miscellaneous industrial leaders with double-figure gains in places. Consideration of the group's dividend potential helped Unilever rise 20 to 640p, while Beecham were helped by Press comment and closed 15 to the good at 717p. Glaxo added 10 to 520p and Boots ended 7 dearer at 238p. Elsewhere, Silentnight gained 7 to 128p in response to the higher annual profits and proposed 50 per cent scrip-issue, while Foseco Minsep rose 9 to 175p following good preliminary figures. United Carriers also responded to favourable trading news with a gain of 9 to 112p and, still reflecting the annual report, Hepworth Ceramic appreciated 8 to 118. Despite the profits standstill, Bodycote International hardened 3 to 97p, while speculative buying in a restricted market lifted Burns Anderson 6½ to 40p, after 41p. BTR put on 15 at 476p and Kelsey Industries firmed 10 to 170p, but Martin Black softened 2 to 39p on the halved dividend payment. ICL came under pressure and were sold down to 487p for a net loss of 23 on the day.

In Televisions, Anglia A advanced 8 to 144p and LWT A 4 to 168p, while the higher annual profits and proposed scrip issue left Grampian A 2 better at 40p. Elsewhere, Pleasurama put no 16 to 156p as bid hopes revived.

Distributors were again in the vanguard following a good trade. Lex improved 3½ to 109p, while rises of 2½ were recorded by T. Cowie, 55p, and Henlys, 131p. BSG, recently dull on the results, added 1½ at 45p. News that Prudential now control almost 19 per cent of Fodens' A capital, lifted the latter's Ordinary shares 3 to 60p, while the A rose 4 to 55p. In Components, strong investment support was apparent for Dowty, 18 up at 331p.

News International featured firmer Newspapers, rising 15 to end at 368p following the proposed 100 per cent scrip issue.

Properties made another strong showing on continued investment demand. Land Securities firmed 7 more to 307p and MEPC added 8 at 192p, while British Land appreciated 2½ to 79½p and Great Portland Estates put on 6 for a two-day gain of 14 to 296p. News that Costain, 6 dearer at 204p, had acquired a 6.7 per cent stake in the company lifted Capital and Counties 4 to 89½p. Slough Estates moved up 3 to 177p and the recently-issued 8 per cent Convertible 1991-94 improved 2½ points to £18½ premium.

Shell held the limelight in Oils rising 20 to 784p on steady investment demand, while British Petroleum gained 14 to a 1979 peak of 1214p.

Bolstered by the BMW franchise, which the company will lose next January, Tozer Kemsley announced a 38 per cent profits' increase which lifted the shares 3 to 59p.

Trusts again displayed a firm appearance with gains extending to 8. Rothschild, 258p, and River and Mercantile, 223p both improved 6, while New Throgmorton Capital closed 8 to the good at 220p.

Reardon Smith were in demand among Shippings and, in a thin market, rose 5 to 100p. British and Commonwealth improved 4 to 358p, while Milford Docks added 3 at 155p.

Plantations remained subdued, although Castlefield jumped 14 in a narrow market to close at 330p.

RTZ up again

Mining markets staged a broad advance with the notable exception of Australians which again fell away in line with overnight Sydney and Melbourne markets.

The London-based Financials all attracted a good deal of buying interest which was fuelled by the sharp advance in UK equities coupled with the strength of precious and base-metal prices.

Rio Tinto-Zinc touched a fresh 1979 high of 337p before closing a further 6 up on balance at 334p. Selection Trust put on 10 at 546p with the shares additionally boosted by the recent advance in Amax, in which Selection Trust has a substantial holding.

A sharp rise in both the bullion price and South African Golds in overnight American markets saw the former marked up at the outset of trading but the enhanced levels failed to arouse much fresh buying interest and prices subsequently eased a fraction although they were still showing considerable improvements at the close. The Gold Mines index put on 5.6 to 147.2 and the ex-premium index 3.2 to 117.9.

South African Financials mirrored the trend in Golds but activity remained at a low level. Rises of around 10 were common to Anglo American, 346p, General Mining, 431p and Union Corporation, 338p. Platinums reflected Johannesburg interest following the rise in the free market platinum price. Impala climbed 8 to 186p and Lydenburg 5 to 88p.

Among Coppers continuing bid rumours lifted Messina 5 more to 100p while Minorco added a like amount at 203p, the latter rise mainly reflecting the firmer investment premium.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	900	382	—	390	1	—	—	1212p
BP	950	332	—	340	1	—	—	„
BP	1050	238	1	256	—	—	—	„
BP	1150	156	—	178	9	186	—	„
BP	1200	108	—	146	5	—	6	„
Com. Union	160	31	55	35	—	40	—	180p
Com. Union	180	18	116	23	28	27	10	„
Cons. Gold	180	74	12	81	—	—	—	245p
Cons. Gold	200	54	51	62	—	—	—	„
Cons. Gold	220	35	66	48	—	57	—	„
Cons. Gold	240	21	63	30	7	47	—	„
Courtaulds	110	10½	63	16	5	17	—	110p
Courtaulds	120	7	106	9	—	—	—	„
GEC	360	94	5	108	—	—	—	428p
GEC	420	45	71	65	—	80	—	„
Grand Met.	130	51½	1	53½	—	—	—	174p
Grand Met.	140	41½	9	44½	—	—	—	„
Grand Met.	160	29	52	32½	—	35½	—	„
Grand Met.	180	16	43	21	10	25½	—	„
ICI	360	60	6	70	—	—	—	407p
ICI	390	40	17	50	—	57	—	„
ICI	420	19	35	31	1	42	—	„
Land Secs	280	46	25	56	17	66	—	303p
Land Secs	300	32	65	44	—	56	—	„
Marks & Sp.	100	37	17	38	—	—	—	129p
Marks & Sp.	110	29	6	31	—	39	—	„
Marks & Sp.	120	21	84	26	—	31	—	„
Marks & Sp.	130	15	160	21	—	25	—	„
Shell	650	165	5	195	5	—	—	779p
Shell	700	120	5	150	—	173	—	„
Shell	750	77	21	103	—	143	—	„
Shell	800	48	44	73	5	—	—	„
Total			1,238		94		16	
		May		August		November		
BOC Intl.	70	8½	4	11½	12	15	—	75p
BOC Intl.	80	4	10	7	3	8½	53	„
Boots	200	40	42	46	—	53	—	236p
Boots	220	23	82	31	5	40	—	„
Boots	240	10½	49	20	15	27	—	„
Boots	260	4½	77	—	—	—	—	„
EMI	110	28	8	35	—	41	9	136p
EMI	120	19	1	28	—	34	4	„
EMI	130	12	37	22	—	30	—	„
EMI	140	8	40	16	61	24	5	„
EMI	160	1¾	10	7	48	—	—	„
Imperial GP	100	11	6	16	16	17	—	106p
Imperial GP	110	5½	75	11	44	11½	—	„
RTZ	240	96	2	106	2	—	—	335p
RTZ	260	76	14	89	—	—	—	„
RTZ	280	56	20	75	15	94	—	„
RTZ	300	37	9	62	5	81	—	„
RTZ	330	20	63	43	37	58	27	„
Totals			549		263		98	

FINANCIAL TIMES STOCK INDICES

—	April 24	April 23	April 20	April 19	April 18	April 17	A year ago
Government Secs.	75.04	74.70	74.63	74.54	74.92	75.66	71.47
Fixed Interest	77.00	76.76	76.85	76.72	77.00	77.34	74.79
Industrial	547.0	536.0	538.7	530.2	534.4	538.9	460.7
Gold Mines	147.2	141.6	140.1	140.9	137.2	129.9	135.3
Gold Mines (Ex-$ pm)	117.9	114.7	114.6	116.2	112.1	105.7	93.2
Ord. Div. Yield	5.31	5.42	5.40	5.46	5.42	5.38	5.83
Earnings, Yld. % (full)	14.23	14.51	14.47	14.60	14.48	14.38	17.29
P/E Ratio (net) (*)	9.01	8.83	8.85	8.81	8.89	8.95	7.78
Dealings marked	5,632	5,043	4,182	4,341	3,929	4,115	4,944
Equity turnover £m.	—	104.26	115.03	103.24	78.42	63.16	70.50
Equity bargains total	—	18,278	11,784	16,282	14,924	13,090	13,757

10 am 537.0. 11 am 545.4. Noon 545.8. 1 pm 546.3.
2 pm 546.2. 3 pm 546.3.
Latest Index 01-246 8026.
* Nil = 8.74.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex. $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.84 (12/4)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.34 (17/4)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	547.0 (24/4)	446.1 (12/2)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	183.8 (9/2)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines $ (Ex-pm)	125.6 (26/5)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	April 24	April 23
—Daily		
Gilt Edged	90.0	89.1
Industrials	213.5	195.7
Speculative	42.8	40.3
Totals	128.2	114.8
5-d'y Av'r'ge		
Gilt Edged	92.9	98.9
Industrials	175.6	160.1
Speculative	36.7	33.1
Totals	105.3	98.4

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	73	—	10
Corpns., Dom. and Foreign Bonds	19	2	43
Industrials	610	74	729
Financial and Prop.	304	15	187
Oils	21	2	15
Plantations	10	2	20
Mines	90	9	41
Others	81	11	44
Totals	1,208	115	1,089

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	19	1214	+14	1214	882
ICI	£1	14	407	+ 5	407	346
Shell Transport	25p	14	784	+20	784	556
Unilever	25p	12	640	+20	680	520
De La Rue	25p	11	477	+10	477	320
GKN	£1	11	297	+12	297	226
RTZ	25p	11	334	+ 6	337	226
BAT Inds.	25p	10	320	+ 5	362	280
Bank Bridge	5p	10	56	—	56	42½
Barclays Bank	£1	10	485	+12	485	360
Beecham	25p	10	717	+15	755	592
GEC	25p	10	427	+ 7	433	311
Slough Ests. 8pc Cnv. Ln. '91-94	nil/pd.	10	18½pm	+ 3	18½pm	13pm
Boots	25p	9	238	+ 7	238	184
Distillers	50p	9	240	+ 4	259	198

COMPANY NOTICES

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 18	Apr. 30	Jul. 12	Jul. 24
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21

For rate indications see end of Share Information Service

In an active option market, calls were reported in GEC, Marks and Spencer, Spillars, Imperial Continental Gas, Camrex, Barker and Dobson, British Land, UDT, Gosforth Engineering, Cons. Gold Fields, Courtaulds, Fitch Lovell, Lonrho, London and Northern, Danae Investment Trust Warrants, Akroyd and Smithers, Coats Patons, Northern Engineering, BP, Ulster TV, New Throgmorton Warrants, Premier Oil, Capital and Counties, Town and City, Trafalgar House, Beecham, ICI, Westland Aircraft, Raybeck, Sellncourt, Keyser Ullmann and Inter-City. Puts were dealt in Great Portland Estates, Ladbroke and the warrants, while doubles arranged included Marks and Spencer, Home Charm and Ulster TV.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (366)

CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (2)
FOREIGN BONDS (2)
BANKS (6)
BEERS (6)
BUILDINGS (17)
CHEMICALS (6)
DRAPERY & STORES (21)
ELECTRICALS (6)
ENGINEERING (27)
FOODS (10)
HOTELS (2)
INDUSTRIALS (43)
INSURANCE (6)
LEISURE (7)
MOTORS (7)
NEWSPAPERS (5)
PAPER & PRINTING (3)
PROPERTY (24)
SHIPPING (4)
TEXTILES (1)
TOBACCOS (2)
TRUSTS (144)
OILS (8)
OVERSEAS TRADERS (2)
RUBBERS (1)
TEAS (1)
MINES (2)

NEW LOWS (8)

AMERICANS (1)
First Chicago
ELECTRICALS (1)
BSR
INSURANCE (1)
London United
OILS (2)
Magnet Metals Woodside
MINES (3)
Cultus Pacific Supreme Corp.
Haoma Gold

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
195	F.P.	—	194	150	††Appl. Computer	168	+8		0.7	11.0	6.6 20.7
55	F.P.	—	56	42½	Bank Bridge 5p	56					
65	F.P.	30/4	101	65	Caledonian Hldgs.	101		47.8	1.6	6.0	15.4
‡‡	F.P.	16/3	170	118	Hunting Assoc. Defd.	168					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¾	F.P.	—	99¾	99¾	Cleveland (County of) Var. Rate 1984	99¾	
‡‡	F.P.	4/5	53½	52½	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53¼	
1100	F.P.	11/5	106p	103p	Grant (James) 10¼% Prf.	104p	
					[illegible]		
					[illegible]		
					[illegible]		
					[illegible]		
					[illegible]		
100	Nil	11/5	108p	105p	Scottish Heritable 10% Cum. Prf.	108p	
100	F.P.	25/4	106p	103p	Tricoville 10¼% Pref.	106p	+2

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
200c	Nil		10pm	4pm	Abercom Invs.	8pm	+1
25	Nil	27/4	8pm	4pm	Armour Trust	5pm	+½
115	Nil		48pm	37pm	Beatson Clark	57pm	
12	Nil		16pm	16pm	Brammer H.	16pm	
					[illegible]		
					Burco Dean		
					[illegible]		
					Crest Nicholson		
					Davis & Metcalfe 'A'		
					[illegible]		
					Hirst & Mallinson		
					Johnson Matthey		
					[illegible]		
					Norfolk Cap. Hotels		
					Park Place Invs.		
					[illegible]		
					[illegible]		

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., April 24, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., April 23 Index No.	Fri., April 20 Index No.	Thurs., April 19 Index No.	Wed., April 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	277.70	+1.7	15.09	4.98	8.88	272.93	272.24	270.34	272.54	202.20
2	Building Materials (27)	259.98	+2.2	15.28	5.25	8.69	254.41	251.93	254.21	256.39	180.59
3	Contracting, Construction (28)	426.69	+1.6	18.67	4.84	7.45	419.78	415.64	417.23	420.68	314.10
4	Electricals (14)	672.71	+1.1	11.60	2.84	11.80	665.32	665.92	652.97	656.40	424.80
5	Engineering Contractors (12)	415.07	+2.9	17.01	5.46	7.91	403.36	400.75	394.72	401.37	294.93
6	Mechanical Engineering (75)	204.84	+1.6	16.65	5.65	7.96	201.58	202.09	201.08	202.97	163.28
8	Metals and Metal Forming (16)	186.57	+2.5	16.27	8.32	7.96	181.95	181.19	179.36	180.74	163.03
11	CONSUMER GOODS (DURABLE) (53)	251.80	+1.3	14.06	4.32	9.47	248.66	247.51	246.75	249.04	186.54
12	Lt. Electronics, Radio, TV (16)	342.70	+1.4	11.06	3.09	12.79	338.06	335.80	334.47	337.99	219.21
13	Household Goods (12)	176.13	+0.2	16.82	6.77	8.21	175.77	175.98	175.81	176.14	168.96
14	Motors and Distributors (25)	129.45	+1.3	20.02	6.47	6.18	127.84	127.67	127.47	128.51	118.12
21	CONSUMER GOODS (NON-DURABLE) (170)	262.56	+2.0	13.61	5.01	9.55	257.39	257.15	253.27	255.23	196.64
22	Breweries (14)	297.00	+2.2	12.84	5.06	9.87	290.59	288.63	288.13	291.14	222.11
23	Wines and Spirits (6)	335.19	+1.7	13.97	4.46	10.45	329.63	329.70	328.00	330.19	253.77
24	Entertainment, Catering (17)	366.84	+2.5	12.87	5.22	10.34	358.00	358.77	354.58	357.73	252.10
25	Food Manufacturing (19)	230.22	+2.5	16.75	4.88	7.66	224.66	223.82	220.48	223.80	188.58
26	Food Retailing (15)	315.86	+2.5	10.20	3.74	13.32	308.11	305.86	299.52	301.41	191.16
32	Newspapers, Publishing (12)	476.09	+1.7	19.53	5.38	7.26	468.13	470.79	465.19	465.54	349.33
33	Packaging and Paper (15)	150.09	+1.2	17.09	7.26	7.55	148.35	148.13	147.82	149.72	129.88
34	Stores (40)	267.26	+1.8	9.48	3.63	14.67	262.46	263.60	256.34	256.68	182.30
35	Textiles (23)	183.52	+1.8	17.76	8.28	7.27	180.34	179.76	177.86	178.27	173.34
36	Tobaccos (3)	275.94	+1.6	20.63	7.46	5.57	271.60	269.62	268.11	272.13	236.97
37	Toys and Games (6)	91.04	+2.3	24.46	7.27	4.82	88.96	94.30	94.20	96.08	96.44
41	OTHER GROUPS (99)	227.73	+1.5	13.89	5.62	8.94	224.34	223.85	221.73	222.88	183.75
42	Chemicals (18)	319.47	+1.3	15.69	6.15	7.46	315.32	315.85	310.78	312.19	249.58
43	Pharmaceutical Products (7)	269.54	+2.0	10.02	4.40	12.28	264.22	263.93	260.56	260.54	244.25
44	Office Equipment (6)	147.66	+1.7	13.69	5.53	9.21	145.17	145.16	144.13	145.86	127.01
45	Shipping (10)	459.13	+1.1	9.13	6.63	15.74	453.91	452.61	444.69	444.55	415.36
46	Miscellaneous (58)	259.60	+1.4	15.23	5.67	8.53	255.93	254.81	254.06	256.14	194.94
49	INDUSTRIAL GROUP (494)	265.09	+1.8	14.08	5.09	9.22	260.48	259.98	257.16	259.05	200.66
51	Oils (6)	689.83	+1.8	11.44	3.15	9.30	677.39	671.69	660.29	662.96	463.18
59	500 SHARE INDEX	299.70	+1.8	13.63	4.76	9.23	294.46	293.57	290.09	292.06	222.48
61	FINANCIAL GROUP (115)	212.19	+1.8	—	4.88	—	208.45	207.16	204.84	205.74	160.35
62	Banks (6)	251.40	+2.4	26.54	4.81	4.86	245.44	244.46	241.96	242.96	191.08
63	Discount Houses (10)	262.23	+0.5	—	7.05	—	260.96	263.05	266.81	267.14	193.87
64	Hire Purchase (5)	200.18	+0.1	16.02	4.41	8.01	199.94	193.03	188.64	191.44	143.37
65	Insurance (Life) (10)	175.63	+1.7	—	6.05	—	172.76	172.47	170.66	171.80	130.06
66	Insurance (Composite) (8)	152.70	+0.8	—	6.18	—	151.45	150.75	146.96	147.32	125.37
67	Insurance Brokers (10)	329.27	+2.4	15.07	5.83	9.55	321.66	320.51	320.32	322.71	323.91
68	Merchant Banks (14)	101.46	+2.4	—	5.15	—	99.09	98.22	97.75	97.28	76.71
69	Property (42)	357.48	+2.0	3.09	2.33	51.14	350.30	345.38	343.45	345.88	214.39
70	Miscellaneous (10)	127.28	+1.7	17.71	6.52	7.03	125.19	126.21	126.51	126.17	105.48
71	Investment Trusts (111)	244.64	+1.4	—	4.50	—	241.18	238.48	238.57	238.97	201.76
81	Mining Finance (4)	140.45	+2.0	14.28	5.60	8.37	137.65	136.63	133.99	133.47	92.14
91	Overseas Traders (20)	369.30	+1.3	13.60	6.83	9.35	364.39	363.14	363.55	366.69	299.51
99	ALL-SHARE INDEX (750)	275.46	+1.8	—	4.83	—	270.70	269.58	266.64	268.21	206.07

FIXED INTEREST PRICE INDICES

	British Government	Tues., April 24	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	107.73	+0.26	—	3.01
2	5-15 years	122.43	+0.44	—	2.90
3	Over 15 years	128.20	+0.42	—	4.95
4	Irredeemables	141.02	+0.65	—	1.78
5	All stocks	118.53	+0.37	—	3.66

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Tues., April 24	Mon., April 23	Year ago (approx.)
1	Low Coupons	5 years	9.27	9.35	8.43
2		15 years	10.18	10.23	10.79
3		25 years	10.76	10.80	11.30
4	Medium Coupons	5 years	10.81	10.93	10.59
5		15 years	11.47	11.54	12.07
6		25 years	11.65	11.67	12.26
7	High Coupons	5 years	11.18	11.29	10.95
8		15 years	11.85	11.91	12.64
9		25 years	11.91	11.96	12.92
10	Irredeemables		10.58	10.65	11.08

		Tues., April 24 Index No.	Tues., April 24 Yield %	Mon. April 23	Fri. April 20	Thurs. April 19	Wed April 18	Tues. April 17	Thurs. April 12	Wed. April 11	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	60.75	†12.22	60.70	60.66	60.81	60.90	60.56	60.73	59.81	58.54
16	Investment Trust Prefs. (15)	52.93	13.33	52.93	52.93	52.93	52.83	52.55	52.58	53.10	54.61
17	Coml. and Indl. Prefs. (20)	76.61	13.30	76.03	75.89	74.78	74.78	74.78	74.75	75.26	71.01

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	109.8	115.6	+0.3	3.05
Abbey Capital	40.6	43.5	+0.6	4.14
Abbey Income	47.7	50.7	+0.7	6.00
Abbey Inv. Tst. Fd.	41.5	44.3	+0.5	4.46
Abbey Gen. Tst.	55.6	59.1	+1.0	3.95
Equitas Prog. Tst.	75.8	80.0	-1.5	4.23

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	98.6	103.8	....	12.51

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st.	80.1	85.7	+1.3	4.85
Brit. Inds. Fund	78.7	84.2	+1.3	4.75
Grth. & Inc.	44.9	48.0	+0.7	4.58
Elect. & Ind. Dev.	41.9	44.8xd	+0.5	4.15
Allied Capital	83.6	89.5xd	+1.3	4.04
Hambro Fund	130.0	139.1	+1.8	4.66
Hambro Acc. Fd.	150.4	160.9	+2.3	4.08
Income Funds				
High Yield Fd.	82.0	87.7	+0.6	7.58
High Income	76.3	81.6xd	+1.0	6.52
A. H. Eq. Inc.	45.5	48.7	+0.6	6.57
International Funds				
International	25.9	27.7	+0.2	2.90
Pacific Fund	38.8	41.5	+0.3	2.16
Secs. Of America	55.0	58.9	+0.4	1.95
Specialist Funds				
Smaller Co.'s Fd.	48.1	51.5	+0.3	3.69
2nd Smlr. Co's Fd.	59.6	63.8xd	+0.3	3.92
Recovery Sits.	117.6	125.8xd	+1.4	4.37
Met. Min. & C'dty.	48.2	51.6xd	+0.7	4.44
Overseas Earnings	67.9	72.7	+1.0	3.99
Exempt Funds				
Far East Exempt	44.3	46.3	+0.1	2.17
Smaller Co. Exempt	75.7	79.5xd	+0.6	4.09
U.S.A. Exempt	96.8	100.7xd	+0.5	2.18

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	57.0	61.6	+1.0	4.58

Ansbacher Unit Mgmt. Co. Ltd.
[illegible]

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts	52.7	56.3	+0.8	4.26
Do. Accum.	69.4	74.2	+1.0	4.26

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 11	112.2	114.7xd	....	4.37
Gross Income Apr. 11	87.5	87.6	....	8.22
High Yield April 11	96.8	98.7	....	8.51

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	108.3	115.7	+1.7	2.60
Do. Acc.	132.9	141.3	+2.0	2.60
G.T. Inc. Fd. Un.	178.3	189.6	+0.5	8.30
G.T. U.S. & Gen.	129.3	137.5	+2.5	3.00
G.T. Japan & Gen.	81.9	86.6	+0.9	2.10
♦Gt. Pens. Ex. Fd.	214.4	225.0	....	2.80
G.T. Int'l. Fund	154.7	164.5	+1.8	1.60
G.T. Four Yds. Fd.	63.2	67.2	....	7.60
G.T. Far East & Gen.	44.5	47.8	+0.2	2.20

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	40.2	42.9	+0.7	4.29

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP J 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	25.2	27.1	+0.3	0.47
British Tst. (Acc.)	67.3	72.4	+1.0	3.34
Commodity Share	178.0	191.4	+1.9	3.43
Extra Income Tst.	28.0	30.1	+0.3	7.49
Far East Trust	33.0	35.5xd	+0.3	0.24
High Income Tst.	67.2	72.3	+0.8	8.28
Income Fund	87.0	93.5	+1.1	6.06
Ins. Agencies	£15.85	16.85	+0.28	3.65
Intl. Exempt Fd.	104.5	113.4xd	+1.6	5.96
Intl. Tst. (Acc.)	32.5	34.9	+0.5	0.72

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	32.8	35.3	+0.3	9.00
Income	48.9	52.6	-0.9	7.80
Accumulation	78.5	85.3	+1.2	4.60
Growth	46.2	50.3	-0.7	4.10
Capital	52.0	54.5	+1.4	3.40

[Remaining unit trust listings (Minster Fund Managers, MLA Unit Trust Mngmnt., Murray Johnstone U.T. Mgmt., Mutual Unit Trust Managers, National and Commercial, National Provident Inv. Mngrs., National Westminster, NEL Trust Managers, Norwich Union Insurance Group, Pearl Trust Managers, Pelican Units Admin., Perpetual Unit Trust Mngmt., Practical Invest Co., Provincial Life Inv. Co., Prudl. Portfolio Mngrs., Quilter Management Co., Reliance Unit Mgrs., Ridgefield Management, Rothschild Asset Management, Rowan Unit Trust Mngt., Royal Tst. Can. Fd. Mgrs., Save & Prosper Group, Schlesinger Trust Mngrs., J. Henry Schroder Wagg & Co., Scottish Equitable Fnd. Mgrs., Sebag Unit Tst. Managers, Security Selection, Stewart Unit Tst. Managers, Sun Alliance Fund Mngt., Target Tst. Mngrs., TSB Unit Trusts, Ulster Bank, Unit Trust Account & Mgmt., Wieler Growth Fund, and others) [illegible]]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.32		....	—

Net asset value April 18.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.30	12.31	....	11.07

Arbuthnot Securities (C.I.) Limited
P O Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst (Jersey)	126	130xd	....	7.69

Next dealing date May 1.

Gov't Secs. Tst.	97.0	100.5	....	12.44

Next dealing April 30.

East & Intl. Tst (C.I.)	100	107	....	3.50

Next dealing date May 3.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US112.59	113.17	....	8.17

Prices at April 20. Next sub. day April 27.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$63.16	65.12	-0.12	8.05

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	91.9	96.7	....	3.00

Barclays Unicorn Int. (Ch. Is.) Ltd
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	49.0	51.5	....	11.40
Unidollar Trust	$US11.39	12.01	....	1.60
Unibond Trust	US$104.78	105.80	+0.17	8.60

Barclays Unicorn Int. (I.o.Man)
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	45.3	48.8	....	1.80
Do. Aust. Min.	32.0	34.5	+0.6	1.70
Do. Grtr. Pacific	70.6	76.0	....	—
Do. Intl. Income	38.9	41.9xd	....	8.3
Do. I. of Man Tst.	47.9	51.6	....	8.70
Do. Manx Mutual	27.8	29.9	....	1.70

Bishopsgate Commodity Ser. Ltd.
[illegible]

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,350	1,482	....	2.40
Bondselex	Fr119.85	125.95	....	—
Cent. Assets	£144.65	144.72	+0.05	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	£10.00	10.05xd	-0.10	11.00
Gilt Trust (I.o.M.)	114.9	117.9	-1.8	11.00
Gilt Fnd. Guernsey	10.39	10.43	....	11.00
Intl. Govt. Secs. Tst.				
First Sterling	£20.22	20.34	-0.79	—
First Intl.	US$218.17	218.96	-6.03	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.	1,100		....	4.36
Guernsey Inc.	70.4	74.8xd	....	2.85
Do. Accum.	89.5	95.1	....	2.85
KB Far East Fd.	$US13.09		....	1.53
KB Gilt Fund	£11.79	11.87	....	10.33
KB Intl. Fund	US$12.58		....	1.83
KB Japan Fund	US$33.54		-0.23	0.75
K.B. U.S. Gwth. Fd.	US$13.24		....	1.51
Signet Bermuda	$US5.24		....	1.72
K B Int. Bd. Fd.	$US104.05		....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey 0534 27561

Lloyds Tst. O'seas	54.3	57.1xd	....	2.17

Next dealing May 15.

Lloyds Trust Gilt	£10.62	10.63xd	....	11.50

Next dealing May 2.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF332.50	356.00	....	2.20
Lloyds Int. Income	SF294.50	306.00	....	5.20

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic April 24	US$3.17	3.46	+0.03	—
Aus. Ex. April 18	$US2.37	2.68	....	—
Gold Ex Acc	$US11.95	13.15	....	—
Island	147.4	156.9xd	+0.8	13.54
(Accum Units)	214.6	228.3	+1.0	13.54

Samuel Montagu Ldn. Agents
[illegible]

[Remaining offshore fund listings [illegible]]

NOTES

[illegible]

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Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	......	—	—
40	39	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed.....	98	......	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 24⅝% (based on US$2.0675 per £)
Conversion factor 0.8009 (0.8097)

CANADIANS

S.E. List Premium 24⅝% (based on $2.3608 per £)

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[illegible]

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FAR WEST RAND

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O.F.S.

[illegible]

FINANCE

[illegible]

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[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	9	.....	—	—	—
171	128	Bougainville 50 Toea	130	+1	Q15c	1.0	7.1
140	84	BH South 50c	91	+3	—	—	—
540	340	Central Pacific	500	.....	—	—	—
318	220	Conzinc Riotinto 50c	225	−3	¶Q10c	2.0	2.7
36	21	Cultus Pacific N.L.	21	−1	—	—	—
21½	13½	Endeavour 20c	14	+½	—	—	—
98	62	G.M. Kalgoorlie $1	62	.....	ZQ3c	—	2.7
42	23	Haoma Gold N.L.	23	−4	—	—	—
170	148	Hamptn Areas 5p	164	.....	♦t3.55	2.0	3.2
56	25	Metals Ex. 50c	53	+1	—	—	—
275	197	M.I.M. Hldgs. 50c	210	.....	†Q9c	1.7	2.4
15	15	Minefields Expl.	15	.....	—	—	—
74	38	Mount Lyell 25c	53	.....	—	—	—
44	17	Newmetal 20c	17	−1	—	—	—
141	100	North B. Hill 50c	105	+3	†Q8c	1.3	4.4
22	11	Nth. Kalgurli	14	.....	—	—	—
40	22	Nth. West Mining	22	.....	—	—	—
137	88	Oakbridge SA1	91	+3	Q12c	1.9	7.7
37	22	Oilmin N. L.	27	.....	—	—	—
120	58	Pacific Copper	90	+3	—	—	—
£10¾	625	Pancont'l 25c	700	+25	—	—	—
25¾	17½	Paringa M&Ex.5p	18	.....	—	—	—
510	330	Peko-Wallsend 50c	336	−4	Q15c	3.3	2.6
215	145	Southern Pacific	193	−7	—	—	—
188	139	Westn. Mining 50c	147	.....	†Q3c	0.7	1.2
11	9	Westmex	10	.....	—	—	—
65	50	Whim Creek 20c	55	.....	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29	.....	2.81	1.3	14.4
435	315	Ayer Hitam SM1	315	.....	Q300c	0.5	20.5
72	51	Beralt Tin	68	.....	4.0	ϕ	8.8
270	200	Berjuntai SM1	220	+5	†Q110c	1.0	11.9
160	145	Geevor	160	.....	H5.57	5.8	5.2
10	8	Gold & Base 12½p	10	.....	—	—	—
365	295	Gopeng Cons.	365xd	+5	†18.0	1.4	7.4
360	295	Hongkong	360	.....	12.5	2.8	5.2
70	64	Idris 10p	65xd	−1	8.0	ϕ	18.4
14	9½	Jantar 12½p	14	.....	—	—	—
80	66	Kamunting SM0.50	80	.....	†Q12.5c	2.1	3.4
620	210	Killinghall SM1	335	.....	—	—	—
465	365	Malay Dredging SM1	400	+5	†175c	0.7	9.4
57	41	ΔPahang	43	+1	—	—	—
85	60	Pengkalen 10p	78xd	−1	4.5	1.2	8.6
240	205	Petaling SM1	215	+5	Q120c	1.3	12.0
85	73	Saint Piran	78	+1	†2.03	6.5	3.9
58	53	South Crofty 10p	57	+2	†4.19	2.0	11.0
210	170	South Kinta SM0.50	190	.....	†sQ145c	0.6	16.4
405	285	Sthn Malayan SM1	355	+5	†Q190c	1.0	11.5
225	210	Sungei Besi SM1	260	+5	mQ65c	5.3	5.4
75	50	Supreme Corp. SM1	50	−2	ZQ10c	—	4.3
105	94	Tanjong 15p	100	.....	6.60	0.8	9.8
265	205	Tronoh SM1	245	+5	†Q88c	1.6	‡

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	56	Messina R0.50	100	+5	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
74	54	Barymin	62	.....	—	—	—
13½	11	Burma Mines 17½p	11	.....	—	—	—
345	170	Cons. Murch. 10c	260	.....	—	—	—
410	340	Northgate C$1	365	.....	—	—	—
337	226	R.T.Z.	334	+6	11.5	q2.6	5.3
65	40	Sabina Inds. C$1	44	+2	—	—	—
880	687	Tara Exptn. $1	743	+6	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$13¾	$10½	Buffels R1	$12½	+⅜	Q190c	ϕ	17.5
$11¾	890c	East Drie R1	$10⅝	+⅜	Q115c	1.6	12.8
470c	350c	East Rand Prp. R1	415c	.....	Q10c	—	2.9
$24¼	$18¼	F.S. Geduld 50c	$23⅝	+¼	†Q315c	2.4	15.7
$14¾	$11⅛	Pres. Brand 50c	$14¾	+⅞	†Q150c	3.2	11.9
$14¼	$10¼	St. Helena R1	$12⅝	+¾	Q190c	1.4	17.7
595c	407c	Stilfontein 50c	560c	+10	Q66c	ϕ	13.6
$24¼	$18¼	Vaal Reefs 50c	$23⅜	+½	Q280c	2.7	13.8
$35¼	$28¼	West Drie R1	$31⅞	+⅝	†Q385c	1.7	13.9
$30½	$22¼	West Hldgs. 50c	$30½	+1	†Q415c	1.4	15.9
$13	$10⅜	Western Deep R2	$11⅜	+¼	Q147½c	2.1	14.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other offical estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

" Recent Issues " and " Rights " Page 44

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	27½	.....
Ash Spinning	105	−2
Bertam	28	.....
Bdg'wtr. Est. 50p	400	.....
Clover Croft	28	.....
Craig & Rose £1	£10⅞	.....
Dyson (R. A.) A	35	.....
Ellis & McHdy	70	.....
Evered	28xd	.....
Fife Forge	54	.....
Finlay Pkg. 5p	21xd	.....
Graig Ship. £1	180	.....
Higsons Brew	85	.....
Holt (Jos) 25p	269xd	.....
I.O.M. Stm. £1	170	.....
Pearce (C. H.)	210	.....
Peel Mills	30	.....
Sheff. Refrshmt	82	.....
Sindall (Wm.)	142	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92⅛	.....
Alliance Gas	106	.....
Arnott	385	.....
Carroll (P.J.)	105	.....
Clondalkin	85	.....
Concrete Prods.	90	.....
Heiton (Hldgs.)	62	.....
Ins. Corp.	210xd	.....
Irish Ropes	105	.....
Jacob	38xd	.....
T.M.G.	240	.....
Unidare	85	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	20	Unilever	55
BOC Intl.	6	"Imps"	9	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	10
Babcock	14	Inveresk	7	Vickers	17
Barclays Bank	32	KCA	4	Woolworths	6½
Beecham	52	Ladbroke	18	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	5
Boots	18	Lex Service	9	Cap. Counties	7
Bowaters	18	Lloyds Bank	25	E.P.	3½
B.A.T.	28	"Lofs"	5	Intreuropean	5
Brown (J.)	50	London Brick	7	Land Secs.	20
Burton 'A'	22	Lonrho	9	MEPC	15
Cadburys	5	Lucas Inds.	25	Peachey	13
Courtaulds	10	"Mams"	18	Samuel Props.	14
Debenhams	8	Mrks. & Spncr	9	Town & City	2
Distillers	21	Midland Bank	30	**Oils**	
Dunlop	6½	N.E.I.	14	Brit. Petroleum	70
Eagle Star	10	Nat. West. Bank	28	Burmah Oil	12
E.M.I.	14	Do. Warrants	15	Charterhall	3½
Gen. Accident	21	P & O Dfd.	8	Shell	48
Gen. Electric	32	Plessey	10	Ultramar	24
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	12	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	16	Cons. Gold	17
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A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday April 25 1979

Iran Premier escapes murder bid

BY ANDREW WHITLEY IN TEHRAN

IRAN'S POLITICAL tensions heightened yesterday when Mr. Mehdi Bazargan, the Iranian Prime Minister was apparently the subject of an assassination attempt.

The incident took place during the funeral procession for the former head of the Republic's Armed Forces, Gen. Mohammed Vali Qarani, who was killed by terrorists on Monday.

Eye-witness accounts of what actually took place yesterday are confused. But it appears that when the Prime Minister and members of his Cabinet, leading the funeral cortège on foot, emerged from the military hospital on Tehran's main avenue, an armed man in Air Force uniform rushed forward and tried to reach Mr. Bazargan.

The man was knocked to the ground by the throng of revolutionary guards round Mr. Bazargan, and hustled away. He is said to have been trying to throw a grenade, and then to use a *sub-machine gun* when this proved unsuccessful.

There has been no official statement on the incident, nor any mention of it by the State radio. Privately, senior government officials deny that any attempt was made on Mr. Bazargan's life.

Beset by provincial troubles from the country's substantial ethnic minorities, the Provisional Government's grip on the situation in Tehran itself looks increasingly fragile.

All major issues, ranging from the long-term direction of the economy to a new constitution or reconstruction of the armed forces, have effectively been put in cold storage as the Government struggles with day-to-day problems.

A previously little known Right-wing Islamic group calling itself Forqan, meaning Wheelbarrow, has admitted responsibility for the Qarani assassination. Forqan may also have ties with Kurdish extremists.

In leaflets scattered round Tehran streets the group says it "executed" General Qarani "in a revolutionary manner" because of his "murder of innocent Kurds, in suppression of fighting in Sanandaj last month. General Qarani lost his job shortly afterwards.

All the main Left-wing groups have publicly condemned the assassination. The independent Marxists, the Fedayin-e-Khalq, called it "blind terrorism," *and similar condemnations have* come from the pro-Moscow Tudeh Party and from the radical Mujaheddin-e-Khalq.

Yesterday's procession, led by a military band playing funeral music, was unprecedented in Iran's recent history. It was seen here as Mr. Bazargan's personal tribute to his former colleague.

It also reflected the Government's rejection of unauthorised "revolutionary justice," as distinct from the legalised form in the newly-formed Islamic courts.

Nine more men were executed by court orders in the past 24 hours, bringing the toll of political retribution against members of the Shah's regime to 166.

In a Cabinet reshuffle, brought about by the resignation last week of Dr. Karim Sanjabi as Foreign Minister, Dr. Ibrahim Yazdi, the radical Khomeini aide and former Deputy Prime Minister for Revolutionary Affairs, has been appointed.

An immediate effect of Dr. Yazdi's move to the Foreign Ministry is likely to be a further strengthening of Iran's relations with radical Arab states and the Communist world.

Rugby Portland Cement pricing policy attacked

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION yesterday launched another of its controversial attacks on corporate efficiency with a strongly worded report criticising both the management efficiency and pricing policy of Rugby Portland Cement.

The commission alleges that Rugby Portland "had made insufficient effort to draw together at senior management level all the possibilities open to it for improving efficiency and reducing costs." It also says that management resources "appear to have been kept deliberately slim" and would consequently need strengthening in a number of areas.

Rugby Portland last night roundly condemned the commission's conclusions. The commission had been prejudiced in its approach, Lord Boyd-Carpenter, Rugby Portland's chairman, claimed.

"We do not consider the Price Commission qualified to pass a judgment of this nature on a successful industrial company after a short investigation by people whose experience of industrial management and cement technology is limited," he said.

The commission's investigation and report followed Rugby Portland's notification of a 10.9 per cent price increase from last December. The company was eventually allowed the full increase under the now-defunct safeguard regulations.

The commission decided not to recommend any further restriction on prices but contrasted instead on its policy of keeping prices in check by trying to ensure that companies keep costs to a minimum and operate efficiently.

The commission also described as "a retrograde step" the cement industry's decision earlier this year to re-introduce an industry-wide pricing structure.

The Cement Makers' Federation last night described the criticism of the industry generally as "superficial, misleading and totally unjustified" and likely to lead, if the common price agreement were scrapped, to higher cement prices and lower standards of service.

Lord Boyd-Carpenter claimed that "because the Price Commission cannot upset these decisions directly it has sought, in undertaking the investigation into the company, indirectly to attack the pricing agreement by seeking to establish that the company is less than fully efficient."

Details, Page 7

Firestone merger with Borg-Warner founders over terms

BY JOHN WYLES IN NEW YORK

THE PROPOSED merger between Firestone Tire and Rubber Company and Borg-Warner Corporation has foundered on Borg-Warner's refusal to meet demands for substantially better terms than the $870m (£420m) purchase price provisionally agreed last November.

Evidence that the negotiations were running into difficulties has been growing for the past three months. Finally, Firestone's board adopted a set of proposals last Friday that would have substantially increased the cost of the deal to Borg-Warner, whose directors decided on Monday to call off negotiations.

Announcing the "friendly" breakdown of what would have been one of the largest mergers in U.S. corporate history, the two companies said yesterday they were "unable to reach a mutually acceptable agreement on final terms that both felt were fair and in the best interests of their shareholders."

Mr. James Bere, Borg-Warner's chairman and chief executive, stressed that his company's position had been flexible on financial terms because of changed market conditions but "the Firestone proposal simply asks more than we feel is prudent for our shareholders to pay."

The merger was to have been arranged on the basis of an exchange of securities and the setting up of a joint holding company whose common stock would be totally owned by Borg-Warner shareholders. Firestone stockholders would have received either convertible preferred stock or debentures.

The only clue the companies would offer as to the dispute between them came from Mr. Richard Riley, Firestone's chairman and chief executive, who said that "changes in conditions" since the original tentative agreement justified in Firestone's opinion a significant increase in the proposed conversion rate for the convertible preferred stock.

The convertible preferred stock proposals had been conceived by Goldman Sachs with the aim of protecting Borg-Warner shareholders from Firestone's operating problems which might stem from its recall last autumn of up to 13.5m units of its "500" radial tyre. The conversion rate on the preferred stock was to have been pegged to the holding company's stock market price for five years.

Sources close to the negotiations said that the breakdown had emerged very recently. However, several Firestone shareholders were patently unhappy with the terms at the company's annual meeting at the end of January and Mr. Bere's resignation from the Firestone board last month was widely seen as a sign of difficulty.

At the time of the original agreement last November, Firestone's book value was $1.4bn but the market value of its shares only $720m or $12.50 per share.

With an after-tax loss because of the "500" recall of $147.4m, and possible damage to its marketing position stemming from alleged defects in the problem tyres, Firestone's immediate outlook appeared somewhat bleak.

Dunlop men vote against pickets

BY NICK GARNETT, LABOUR STAFF

A MASS MEETING of workers at Dunlop's Coventry plant yesterday authorised shop stewards to organise if necessary the breaking of official *picket lines to maintain production.*

The pickets have been officially organised by the Dunlop unions in an attempt to force the tyre group to reopen the Speke plant on Merseyside, which was closed last week.

Picketing at Coventry and at the company's Fort Dunlop factory in Birmingham has seriously disrupted production.

The mass meeting of most of the 3,500 Coventry workers instructed senior shop stewards to contact regional and national union officials to ask that the pickets be ordered to leave.

If this order is not given, or if the pickets refuse to obey the order, the Coventry shop *stewards are authorised* to organise counter-pickets to ensure that lorries and supplies are allowed into the plant.

Earlier this week Mr. John Miller, national secretary of the Transport and General Workers' Union for the rubber industry, *said the fight had only just* begun to persuade the company to re-employ people at Speke on the basis of alternative plans drawn up by the union.

The fight includes picketing at a number of Dunlop plants in the Midlands and North. Some Speke shop stewards have said they are prepared to shut Dunlop factories.

Mr. Larry Burgess, TGWU convenor at Coventry, where Dunlop manufactures wheels and engineering equipment, said the workers there were concerned about the threat picketing posed to jobs.

They had sympathy for the Speke workers, but had also to think about protecting their own livelihood.

The company called the decision at Coventry heartening, and claimed that workers at Fort Dunlop, where the company has flown in materials to beat the effects of picketing, felt the same.

Continued from Page 1

Southall

Three others—in West Bromwich, West Yorkshire and Central London, are planned before election day.

Mr. Enoch Powell, speaking in South Down, Northern Ireland, repeated his belief that "something like civil war is inevitable" unless the proportion of New Commonwealth citizens was reduced.

Mr. Edward Heath, the former Conservative Leader, speaking in Leicester, said: "If our national decline continues, I have no doubt these tensions will inevitably grow. Only prosperity and success can wipe them away."

Mr. Jim Jardine, chairman of the Police Federation, said that the National Front should be banned.

"I warned we would have this bloodbath in the next election. Some of us saw this after Lewisham. The only people who are suffering are the police."

Power supply engineers seek 15% rise

By Our Labour Staff

A PAY claim on behalf of engineers and managers in the electricity supply industry was submitted to the Electricity Council yesterday. Negotiations will resume next month.

The Electrical Power Engineers' Association—part of the Engineers and Managers' Association—which represents the 34,000 engineers is seeking increases of at least 15 per cent.

The main part of the claim involves the restoration of differentials with manual grades, particularly for the highest paid professional engineers whose differentials, the union claims, have been more seriously eroded.

The annual conference of the power engineers association agreed earlier this month that industrial action should be organised if this was necessary to restore differentials.

Japan continues car sales curb

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S CAR makers are to continue their "prudent" marketing policy in the UK—voluntarily restricting shipments—according to a joint statement made yesterday by representatives of the British and Japanese motor industries.

Shipments of cars and commercial vehicles this year from Japan to the UK will be kept at reasonable levels, according to the Society of Motor Manufacturers and Traders and the Japanese Automobile Manufacturing Association (JAMA), meeting in Tokyo for a biannual review of the market.

This "informal gentleman's agreement" to restrict shipments voluntarily, which came into being last year, was one of the reasons Japanese cars' share of UK registrations fell in the first three months of this year compared with last year.

Japan accounted for 9.06 per cent of UK car registrations in the first three months compared with 11.5 per cent during the same period last year.

Imports in the first three months were exceptionally high. The contrast with the low registration figures was said by JAMA to have occurred because Japanese exporters cut their shipments to the UK sharply in the last two month of 1978 (under pressure from the British Government).

Sir Barrie Heath, president of the SMMT who led the British delegation, said after the talks that he would be "very disappointed" if the figures for Japanese car exports to the UK, including its share of UK registrations, differed much in 1979 from 1978 levels.

Neither Sir Barrie, nor his counterpart, Mr. Eiji Toyoda, president of JAMA, admitted discussing figures during their meeting. But the British side appeared satisfied with Japanese assurances that exports would be kept within bounds.

The joint JAMA-SMMT statement included a specific assurance that the monthly figure for Japan's car shipments would fall later in the year from the relatively high levels of the first quarter.

Both sides said they hoped more positive results would come out of co-operation between Japanese car manufacturers and British components manufacturers. The latter have been trying to convince the *Japanese industry that it should* buy components to help redress the imbalance in car shipments.

British car sales in Japan rose from 1,500 in 1977 to 2,900 last year. Both the Japanese and British representatives said they expected this trend to improve in 1979.

The informal assurances made by JAMA to export "prudently" to Britain provoked strong reaction from dealers selling Japanese cars in the UK.

One major London dealer said: "Our problem is that we cannot obtain enough cars to meet demand. We could increase our deliveries of new cars every month by up to 35 per cent if we could get hold of the cars."

Mercantile rebels defeated

BY TIM DICKSON

THE DIRECTORS of Mercantile Investment Trust, which has assets of well over £100m, yesterday defeated an attempt by a group of rebel shareholders at the annual meeting effectively to liquidate the company.

The Board's victory was achieved in spite of the abstention of Save and Prosper, Mercantile's largest single shareholder with 5.5 per cent of the equity. Save and Prosper urged others to follow its example, although the Post Office Staff Superannuation Fund actually voted in favour of the proposals.

The resolution gave the Board one year to draw up plans "which will enable all shareholders and stockholders to obtain value for their holdings equivalent to that which they would receive on the winding up of the company."

In common with other investment trusts, Mercantile's share price, which moved up ½p to 50p yesterday, is quoted at a discount to its net asset value. The average investment trust discount *is currently more than 20* per cent.

A poll of shareholders taken at the meeting, showed 7.9m shares in favour of the resolution and 40.4m against, from a total of 134m shares. In an earlier show of hands, the resolution had been *defeated by 18 to* 17.

Mr. David Maitland, deputy chairman and managing director of S and P, said the Mercantile board's recommendation to vote against the resolution "implies support for the long-term continued existence of Mercantile in its present form. We believe this would be going too far in the present circumstances."

"The consequences of passing the resolution would almost certainly produce some uplift to the ordinary share price. The board should understand that they have a responsibility to shareholders to produce an equivalent result in due course *if the resolution is not supported.*"

Weather

UK TODAY

PROLONGED and heavy showers in the east and north east. Central and western parts will have sunny or clear periods. Max. 11C (52F).

London, S.E., Cent. S. England, Midlands, S.W. England, Cent. N. England, Wales
Sunny periods and showers.

S.W. Scotland, Cent. Highlands, N.W. Scotland, Ulster
Wintry on higher ground. Sunny periods and showers.

E. England, N.E. England
Cloudy with rain or showers. Sunny intervals.

Borders, N.E. Scotland, Orkney and Shetland
Sunny intervals. Cloudy with a little rain or showers.

● Outlook: Sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	L. Plms.	F	19	66
Algiers	F	22	72	Lisbon	C	14	57
Amsdm.	C	10	50	Locarno	R	8	46
Bahrain	S	29	88	London	C	9	48
Barclna.	F	16	61	Luxmbg.	C	6	43
Beirut	S	19	66	Madrid	F	14	57
Belfast	F	10	50	Majorca	C	18	64
Belgrd.	S	16	61	Malaga	S	22	72
Berlin	C	16	61	Mchstr.	C	9	48
Biarritz	R	11	52	Melbne.	S	16	61
Bmghm.	R	8	46	Milan	R	12	54
Blackp'l	S	10	50	M'ntreal	C	13	56
Bordx.	R	11	52	Moscow	C	7	45
Boulgn.	C	10	50	Munich	R	6	43
Bristol	C	11	52	Nairobi	R	24	74
Brussels	C	7	45	Naples	C	17	63
Budpst.	C	17	63	Nwcstl.	C	9	48
B. Aires	C	20	67	N. York	F	17	63
Cairo	S	26	78	Nice	S	16	61
Cardiff	F	11	52	Nicosia	C	19	66
Cas'b'ca	C	18	69	Oporto	C	12	54
Cape T.	C	26	68	Oslo	R	4	39
Chicago	C	14	58	Paris	C	11	52
Cologne	C	11	52	Perth	C	26	78
Cpnhgn.	R	8	46	Reykjvk.	C	4	39
Corfu	F	16	61	Rhodes	S	18	64
Dublin	F	11	52	Rio J'o	S	27	80
Dbrvnk.	F	16	61	Rome	C	16	61
Ednbgh.	F	10	50	Salzb'rg	R	11	52
Faro	C	17	63	Singapr.	S	36	98
Florence	R	14	57	Stckhm.	C	5	41
Frankf't	R	10	50	Strasb'g	R	12	54
Funchal	F	17	63	Sydney	S	26	78
Geneva	C	11	52	Tangier	C	17	63
Gibrltr.	C	19	66	Tehran	C	21	70
Glasgow	C	10	50	Tel Aviv	S	19	66
G'nsey	C	9	48	Tenerife	S	19	66
Helsinki	C	5	41	Tokyo	C	23	73
H. Kong	S	28	84	Toronto	S	19	67
Innsbr'k	R	13	55	Tunis	S	25	77
Invrnss.	C	8	46	Valencia	C	19	66
I.o.Man	S	9	49	Venice	R	13	55
Istanbul	S	12	54	Vienna	F	18	64
Jersey	C	9	48	Warsaw	F	18	64
Jo'burg	S	23	74	Zurich	C	8	46

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Vigorous defence from SUITS

The All-Share Index spurted into new high ground at 275.48 yesterday, with over a third of the FT-Actuaries sector indices reaching new all-time peaks. Since touching a high point at the end of March, the day after the Government fell, the equity market has been marking time. But yesterday, as on Friday, there was evidence that investors were gaining renewed confidence in a Conservative victory, and with two big funds moving into the market prices were quick to run away.

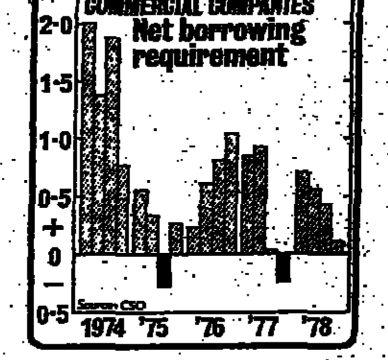
Lonrho/SUITS

With Sir Hugh Fraser's family trusts apparently on the point of accepting the Lonrho offer for SUITS, Lonrho enters the critical phase of the takeover struggle with control of almost 40 per cent of SUITS' shares. But the three executive directors of SUITS who are opposing the takeover have produced a vigorous defence document spiced with a 29 per cent pre-tax profits rise to £8.96m, a 30 per cent dividend rise (*still covered more than twice*) and a certain amount of muted knocking copy. The three do not like the look of Lonrho's shares, it appears, certainly not until Lonrho produces some up to date figures for profits and borrowings.

Currently the terms of the bid—one Lonrho share plus 115p in cash for each SUITS share—are worth 194p, against 197p in the market last night. Taking out 72p a share for the market value of the House of Fraser stake, Lonrho is proposing to pay 122p a share for a collection of printing, whisky and other interests which last year earned £8.03m pre-tax. This would imply a fully taxed exit p/e of 10 ex House of Fraser, not such an unreasonable price as the defence claims.

On the other hand the yield on SUITS shares at the current market price is 7.2 per cent, a useful prop should the bid fail. But the crucial argument for the defence is simply that Lonrho is so heavily committed to this take-over that it can scarcely afford to fail: it has endured a lengthy Monopolies Commission investigation in order to secure a second chance, and the 10 per cent stake in House of Fraser owned by SUITS plays a key role in its longer term plans. In these circumstances shareholders of SUITS have a strong incentive to play very hard to get.

Index rose 11.0 to 547.0



Rugby Portland

If the Price Commission wants to attack inefficient UK cement manufacturers there would seem to be better targets than Rugby Portland—the victim of the Commission's latest outburst. Over the last five years, when industry volumes have fallen by over a quarter, Rugby Portland has been the only major UK cement manufacturer to increase its market share. In addition, its performance has not been marred by the industrial unrest which has affected Blue Circle — the industry leader.

Nevertheless, the Price Commission has concluded that Rugby is "less than fully efficient." To support this claim it has dwelt at some length on the inefficiency of the Lewes works. This accounts for only 2 per cent of Rugby's production and its six other factories all boast costs below the industry averages—making Rugby the most efficient company in what, admittedly, may well be an inefficient industry.

The final insult for Rugby is the Price Commission's criticism that its management has been kept "deliberately slim." The company's caustic reply is that "it is determined to keep its management structure slimly efficient, in contradistinction to that of the Commission as it has seen it in operation."

Mercantile Inv.

Mercantile Investment has won the battle, but not the war. Yesterday's annual meeting defeated by five to one a rebel resolution calling on the trust to commit corporate hara kiri. If the proposal had been passed, the board would have had a year to find *some* way of letting the shareholders and stockholders out at asset value—presumably either by liquidation, unitisation, or an agreed bid.

However, only 36 per cent of shareholders cast their vote, and that low turnout was not just the result of lethargy. The institutions own some 60 per cent of the shares, and although many *could* not bring themselves to vote for this particular resolution, it was clear that some were trying to get a positive message across to Mercantile's board by their act of *abstention*. Thus Save and Prosper, which owns 5½ per cent of the shares, said that a vote against the motion would imply continued support for the long-term existence of the trust in its present form, which "would be going too far in the present circumstances."

So Mercantile cannot simply forget yesterday's events. It has a number of unquoted investments, which it says that some of its shareholders find attractive. The trouble is that these are relatively unmarketable, which would be fine if its shares stood at asset value, but is a real drawback so long as they stand at a discount of over 20 per cent, since an illiquid fund is hard to break up. Unless it can find some way of making its shares more fashionable there will, over the next year *or two, be growing pressure on* Mercantile — and other investment trusts — to make their portfolios more readily realisable.

Company borrowing

The rise in the fourth quarter financial deficit of industrial and commercial companies does not seem to have been reflected in their net borrowing requirement, of which the CSO has just produced the second in a new series of calculations. In October-December the NBR is estimated to have tumbled to just £101m on a seasonally adjusted basis. The main reason is a swing in the unidentified item which unfortunately dominates these company sector statistics. The official excuse is that statistical coverage of *key areas like* trade credit is poor, and some borrowing may have gone unrecorded. At all events, there is no clue here why bank lending has suddenly spurted in the first quarter of the current year. And for 1978 as a whole the NBR, at £1.81bn, has emerged much in line with the £1.72bn of 1977.

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